

*This prospectus was approved by the Swedish Financial Supervisory Authority on 16 March 2021. The validity of this prospectus will expire within twelve (12) months after the date of its approval. The obligation to supplement this prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this prospectus is no longer valid.*

**orexo**

**OREXO AB (PUBL)**

**PROSPECTUS REGARDING THE ADMISSION TO TRADING OF  
SEK 500,000,000**

**SENIOR UNSECURED CALLABLE FLOATING RATE BONDS  
2021/2025**

**ISIN: SE0015193958**

**16 March 2021**

## IMPORTANT INFORMATION

This prospectus (the “**Prospectus**”) has been prepared by Orexo AB (publ), reg. no. 556500-0600, (“**Orexo**”, the “**Company**” or the “**Issuer**” or together with its direct and indirect subsidiaries, unless otherwise indicated by the context, the “**Group**”), in relation to the application for admission for trading of the Issuer’s SEK 500,000,000 senior unsecured callable floating rate bonds 2021/2025 with ISIN SE0015193958 issued within a maximum amount of SEK 1,000,000,000 (the “**Bonds**”) on the corporate bond list on Nasdaq Stockholm Aktiebolag (“**Nasdaq Stockholm**”). The Bonds in the amount SEK 500,000,000 were issued on 11 February (the “**Issue Date**”), in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**” and the “**Bond Issue**”, respectively). The Issuer may at one or more occasions after the Issue Date issue Subsequent Bonds under the Terms and Conditions, until the total amount under such Subsequent Bond Issue(s) and the Bond Issue equals SEK 1,000,000,000. This Prospectus is only valid for the Bonds issued on 11 February 2021 in an amount of SEK 500,000,000. Concepts and terms defined in Section “*Terms and Conditions for the Bonds*” are used with the same meaning throughout the entire Prospectus unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.

This Prospectus has been prepared by the Company and approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) pursuant to Chapter II and Article 20 in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”). Furthermore, Annexes 7 and 15 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, form the basis for the content of this Prospectus. Approval and registration in accordance with the Prospectus Regulation does not constitute any guarantee from the SFSA that the information in this Prospectus is accurate or complete. Interest payable for the Bonds issued under the Terms and Conditions is calculated by reference to STIBOR. As of the date of this Prospectus, the administrator (being Swedish Financial Benchmark Facility) does not appear in the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the regulation (EU) 2016/1011 (the Benchmark Regulation).

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of admitting the Bonds to trading on Nasdaq Stockholm. 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 would be required. Persons into whose possession this document comes are required to inform themselves about, and to observe, such requirements and restrictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), 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 except for “Qualified Institutional Buyers” (“**QIB**”) within the meaning of Rule 144A under the U.S. Securities Act. Holders of Bonds that are 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.

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

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

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

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

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# RISK FACTORS

*The purpose of this section is to enable a potential investor to assess the relevant risks related to their potential investment in the Bonds in order to make an informed investment decision. The below risk factors are therefore limited to risks that, in the meaning of Regulation (EU) 2017/1129, are material and specific to the Company and the Group as well as the Bonds.*

*The manner in which the Issuer and the Bonds are affected by each risk factor is illustrated by way of an evaluation of the materiality of the relevant risk factor based on the probability of it occurring and the expected magnitude of its negative impact, for the purpose of which the probability is estimated as “low”, “medium” or “high” and the magnitude of negative impact if it would occur as “low”, “medium” or “high”. The most material risk factor in a category is presented first under that category, whereas subsequent risk factors in the same category are not ranked in order of materiality.*

## **Risk factors specific and material to the Issuer and the Group**

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

#### **Risks due to the outbreak of the coronavirus**

The outbreak of the coronavirus disease, COVID-19, is generally deemed a global pandemic. The spread of COVID-19 has had severe disruptive effects on the Swedish, US and global economies and has caused increased volatility and declines on financial markets. In the US, where COVID-19 has caused lock-downs, the Group’s sales force accessibility to healthcare providers has been limited. Such access is important in order for the Group to be able to market its branded pharmaceuticals as an alternative over generic substances. The spread of COVID-19 has also caused increased unemployment, which has negatively affected, and may, going forward, negatively affect the development of the commercial segment. During the fourth quarter 2020, the market volume growth compared to the third quarter only amounted to 1 per cent., which impacted ZUBSOLV® (“Zubsolv”) commercial volumes and ability to grow in this segment.<sup>1</sup> Due to the commercial segments being crucial for the sales and profitability relating to the Group’s main product Zubsolv, there is a risk that the Group’s sales decline and that growth opportunities are impaired, which would negatively affect the Group’s results of operation. Furthermore, COVID-19 may result in delays within the development chain which can result in unexpected delays in the pharmaceutical projects. The Group may also experience disruption to the Group’s supplier chains of services and increased unavailability of staff, which in turn could lead to the Group breaching delivery obligations or incur increased costs, which will have a negative effect on the Group’s results of operation.

If the pandemic continues over a prolonged period of time, the adverse impact on the global economy could deepen and result in material adverse effects on the Group’s business, financial position as well as overall future prospects

The Issuer considers that the probability of the above risks occurring is *high* in short term but *medium* in the long term. If the risks would materialise the Issuer considers the potential negative impact to be *medium*.

#### **Risks related to eligibility for reimbursement and formularies**

In order for the Group to maintain successful level of sales of its pharmaceuticals in general, and Zubsolv in particular, it is crucial that the pharmaceuticals have access to patients and reimbursement to the same extent as competitors. The Group’s products are eligible for reimbursement both through private and government sponsored healthcare payment system. The Group’s products are commercialised in three different payer segments; the public segment, with public sector payers such as Managed Medicaid, FFS Medicaid and Medicare Part D; the commercial segment, with private insurance company payers and the cash segment, where patients themselves finance their care. The public segment has been the fastest growing segments in the past years due to increased access to publicly

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<sup>1</sup> The information is derived from the Group’s unaudited financial statements for the financial period 1 January–31 December 2020, p. 9.

financed healthcare through the Affordable Care Act, and the public segment now represents more than half of the total market volume.

The public segment is stringently controlled by insurance companies with regard to what drugs may be prescribed and which physician a patient can choose. In order to be reimbursed within the public and commercial segment the Group typically needs to have its pharmaceuticals or therapies taken up at formulary lists covering the pharmaceuticals and/or treatments that can be reimbursed within the scope of publicly financed health plans and/or insurance. Having its pharmaceuticals enlisted in the formularies consequently makes the Group's pharmaceuticals eligible for reimbursements under such programmes.

The pharmaceutical market is greatly affected by political policy that may affect, for example, reimbursement levels for pharmaceutical expenses and limits for the prescription of products. Especially the market for controlled substances is under tight surveillance and control by authorities who can change the market conditions with new policies, legislation and price control tools. There is a risk that policy changes influence or restrict spending under Medicare, Medicaid or other publicly funded or subsidised health programmes in the US, impose price transparency requirements as well as policies aimed at generally reducing formulary list prices and limiting pricing flexibility for pharmaceutical manufacturers. Political policy may also result in that formularies are made exclusionary for certain branded pharmaceuticals or are opened up for generic versions for cost efficacy reasons (see further risk factor "*Risks relating to price control and price pressure*"). In addition, except for price-pressure imposed by policy changes, payers may challenge the price and cost-efficacy of medical products and services. Certain formularies or insurance companies may deploy strategies to automatically favour generics before branded pharmaceuticals, which methods could be utilised by payers to limit the use of branded products and put pressure on manufacturers to reduce net prices.

In addition, the Group is to a certain extent dependent on Pharmacy Benefit Managers ("**PBM**"), such as CVS Caremark and Express Script (ESI), being responsible for assessing, on behalf of insurance companies and employers, which drugs are to be covered by insurances. Even where such assessment is based on the prevailing public policy, the PBMs are constantly reviewing their formularies and historically, the Group has been subject to the risk that generics have been added to the lists whereby reimbursement have been reduced. Even if the Group only has a small volume left in exclusive contracts, there can be no assurance that the Group becomes more dependent on being on exclusionary lists in the future. This may lead to significant changes in market access in relation to the Group's products.

There is a risk that political policy is changed or the PBMs act in a manner that the market conditions for the Group's products are negatively affected or that sales are otherwise restricted. Furthermore, should the Group fail to have its products included in relevant formularies, or the relevant PBMs otherwise treat the Group's products less favourably, it could lead to the Group's products not being reimbursed. Declining reimbursement levels, due to failure to list the Group's products in relevant formularies, policy changes, increased competition from generic substances, or otherwise, would lead to decreased revenues and impaired market access as well as reduced profitability for the Group's products. This will in turn have an adverse negative effect on the Company's business, results of operation as well as, in the longer perspective, financial position.

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

### **Risks relating to price control and price pressure**

The revenues and profit margin in relation to the sales of the Group's products depend on any pricing approvals by government authorities and the availability of payment or reimbursement from payers in the Group's market segments (see further risk factor "*Risks related to eligibility for reimbursement and formularies*"). The outcome of pricing approval processes and the payment or reimbursement status of newly approved pharmaceutical products are inherently uncertain. Moreover, legislation and regulations affecting the pricing of pharmaceuticals may change before regulatory agencies approve the Group's proposed products for marketing and could further limit pricing

approvals for, and reimbursement of, the Group's products from government authorities and payers. For the Issuer, the ability to close collaborations with new potential partners on the EU market will be dependent on the outcome of pricing discussions, which are ongoing with authorities in multiple European countries. A governmental or payer decision to disapprove pricing for, or provide adequate coverage and reimbursements of, the Group's products, would limit market acceptance and commercialisation opportunities of such products, which in turn would cause revenues to decrease, and will negatively affect the Group's business and results of operation.

Furthermore, increased generic presence may lead to increased price pressure. The Group's position on the market for opioid addiction treatment market has historically seen several generics of mainly Subutex® ("Subutex") and Suboxone® ("Suboxone") tablets. For example, during 2019, the Group noted increased generic presence, as four generic versions challenging the market leading Suboxone film entered the market, which negatively affected net sales of the branded Suboxone film products. Similarly, the sales of Zubsolv may be negatively impacted as payers open up for more alternative treatments and generic options to the Group's branded alternatives. There is a risk that generics come at lower list prices than the Group's products sold under patent-protected brand names, and the Group has seen examples of campaigns from individual generic companies that have offered discounts to pharmacies which have then reduced the price in certain segments. Where generics are favoured by insurance companies in the public segment, by way of prioritising generics over branded pharmaceuticals, it may also lead to indirect pressure on companies with new products to lower the price. As a result, increased generic presence and such potential price pressure could force the Group to lower its prices or reduce the sales volume, which may negatively affect profitability and revenues. This would in turn negatively affect the Group's results of operation and financial position.

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

### **Dependence on research and development of new products**

Business activities involving development of pharmaceutical product candidates is a complex, risky and lengthy process and requires financial investments and other resources as well as successful research and development. As the Group is a relatively small organization, it is necessary to focus on a small number of prioritized projects with high market potential. There is a risk of failure at several stages in the process, which may be due to factors such as failure to obtain the required regulatory or marketing approvals, unfavourable clinical efficacy data, failure to reach adequate cost-efficacy and demonstrate it to relevant payers, risk of new competitors entering the market during development, as well as the risk of changes in the requirements of the regulatory authorities. Furthermore, due to the pharmaceutical industry being highly influenced by digitalization, there is a risk that the Group fails to keep pace with rapid technological development and changes in customer demand, which could result in the Group being unable to make profit on its development projects, especially within digital therapies.

Since the Group's business is built around the development and subsequent commercialisation of improved pharmaceuticals and digital therapies, the Group is dependent upon its research and development activities in order to remain profitable and further future growth. The Group's research and development pipeline currently comprise four pharmaceutical product candidates, whereof the development of one is fully managed and financed by an external partner, Gesynta AB, as well as one digital therapy product candidate which are pending for registration. The Group has made significant investments in its research and development projects over time, and may pursue additional investments going forward. For instance, the Group's research and development costs amounted to SEK 224.9 million for the financial period 1 January–31 December 2020, compared to SEK 181.3 for the same period the previous year.<sup>2</sup> In order to remain profitable and further future growth the Group needs to continuously expand its product portfolio or improve existing products, especially upon expiration of existing product patents.

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<sup>2</sup> The information is derived from the Group's unaudited financial statements for the financial period 1 January–31 December 2020, p. 5.

As a result, should any of the above factors lead to that the Group fails in its product development, or that the Group otherwise is unable to successfully pursue its research and development activities, it could lead to the Group being unable to profit on its investment in such area and lead to decreased future sales. This would in turn have a material adverse effect on the Group's results of operations, financial position and future prospects.

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

### **Commercialisation and launch of product candidates and clinical trials**

The Issuer is subject to strict controls on the commercialisation processes for its pharmaceutical products, and the criteria for establishing safe, efficient and qualitative products are essential to meet in order to obtain marketing approvals. In order to obtain necessary approvals for the commercial sale of its products, the Group and its collaborating partners will need to complete clinical and pre-clinical trials to demonstrate the safety and efficacy of its product candidates. Regulators may refuse to grant approval or may require additional data before approval is granted. There is also a risk of that the trial data prove that the Group's product candidates are not sufficiently safe and effective to the extent necessary to obtain necessary approvals or that regulatory policy change in such way that the trial data becomes useless or appears more unfavorable than expected.

Negative or inconclusive clinical trial data or results may force the Issuer to conduct further trials, narrow down the anticipated indication or even suspend the development of the relevant product candidate and delays in regulatory review and approval could in turn delay the Group's launch process of product candidates. This could in turn result in increased costs, significant delay in filings for approval or force the Issuer and its collaboration partners to abandon the commercialisation of the product candidate.

Should any of the above risks materialise, the Group may be unable to commercialise and profit on its product development and incur additional or unexpected costs, which in turn would decrease profit and limit the Group's access to future revenue. This would in turn have a material adverse effect on the Group's business, results of operation and financial position as well as future prospects.

The Group has made significant investment towards a new infrastructure in order to launch the Group's digital therapies. There is a risk that the market for digital therapies will not be as favorable as anticipated. Furthermore, the Issuer has recently conducted a strategic review of the Group's business and decided to prioritize the launch of the Group's digital therapies resulting in the Group's re-allocation of resources from the Zubsolv commercial team to digital therapeutics. In the pharmaceutical pipeline, the Group has also shifted resources towards certain product candidates as a result of such new strategy. There can be no assurance that this change of strategy will be successful or that the market reception of digital therapies will be favorable. Furthermore, there is a risk that shifting of commercial focus and allocation of resources away from the Zubsolv commercial team will prove unsuccessful. If the Group's strategic initiatives turn out less successful than expected, it could increase costs and negatively affect the Group's revenues and profitability, which in turn would have an adverse effect on the Group's results of operation and financial position.

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

### **Competition**

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. The Issuer 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 the Issuer. Also, such competitors may have greater access to hospitals, physicians, patients or the medical community in general for purposes of marketing a competing product. In addition, some competitors have made attempts to settle ongoing litigations initiated by US authorities, by offering free products for treatment of opioid

addition, these settlement discussions have not made any progress, but the litigation cases are ongoing. These competing products may render the Issuer's products obsolete or may limit the ability of the Issuer to generate revenue, which could have a negative effect on the Group's business, operating results and financial position.

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

### **Dependency on personnel and key executives**

The Group relies on recruiting and retaining talented and skilled employees with a diverse range of know-how, expertise and capabilities, in order to maintain growth. At the end of the fourth quarter 2020, the Group had 138 employees.<sup>3</sup> Consequently, the Group is dependent on the ability to attract and retain highly qualified personnel within the fields of research and development, sales, and production, as well as personnel with particular expertise in clinical trials and governmental regulation. Furthermore, in order to pursue strategic objectives, the Group is dependent on its executive management.

Loss of key personnel could delay or obstruct the Issuer's research and development, sales of existing products and product manufacturing. The Group is subject to competition in recruiting and retaining personnel from other companies, universities, public and private research institutions, government entities and other organisations. Should the Group be unsuccessful in its recruitment and retention efforts, the development of the Group's products or future growth potential may be impaired, which, in the long term would negatively affect the Group's business and results of operation.

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

### **Dependency on third party contractors**

The commercialisation rights in relation to Zubsolv are held by the Group, whereas the commercialisation rights in relation to several of the Group's other pharmaceuticals and therapies are held by the Group's various commercialisation partners, including, amongst others GoGo Meds and Gesynta Pharma. The Group is therefore dependent on maintaining relevant distribution and commercialisation arrangements in order to commercialise its products. There is a risk of such commercialisation arrangements are terminated and that the Group is unable to replace such partnership in a timely manner, or at all, which could lead to lost business opportunities, delayed deliveries or increased costs.

Furthermore, the Group relies on third party partnerships to market and distribute its products, conduct clinical trials and develop and manufacture certain products utilizing the Issuer's innovative drug-delivery platforms. Should such third parties fail to fulfil its contractual obligations vis-à-vis the Group, whether of financial or operational nature, fail to meet deadlines or expected levels of quality or accuracy, the Group's marketing activities and clinical trials may be extended, delayed or terminated. Any failure by such partners would negatively affect the Group's ability to develop, commercialise and license its products, which would have a negative effect on the Issuer's business and results of operations.

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

### **Risks related to supply chains and production process**

The entire production and packing of the Group's products is carried out by external partners. Zubsolv is manufactured by third party contractors located in the US and packed by third party contractors in the US for the US market and in Romania for the European market. The manufacturing and packing facilities as well as methods and processes must meet applicable Good Manufacturing Practice standards ("GMP") overseen by relevant

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<sup>3</sup> The information is derived from the Group's unaudited financial statements for the financial period 1 January–31 December 2020, p. 17.



authorities in several countries, including in the US, where the GMP are overseen and administered by the US Food and Drug Administration (“FDA”). The group is therefore dependent on its continuous monitoring and evaluation of the fulfilment of GMP both internally and by all strategic sub-suppliers, as the Group and its sub-suppliers may be inspected by different authorities that have the power to grant approvals. The Group’s production comprises highly potent controlled substances and there are strict rules and regulations regarding manufacturing, storage, handling, freight, import and export, and waste management for such products. Failure to comply with manufacturing regulations may lead to regulatory inspection findings that could cause cessation of certain manufacturing procedures, product seizure, debarment or recalls, all of which could have a material adverse effect on the Group’s business as well as lead to reputational harm.

The Issuer also relies on third-parties for the timely supply of goods, such as the active pharmaceutical ingredients, equipment and packaging. Access to pharmaceutical ingredients may be uncertain and entail long delivery times, and certain goods may be difficult to substitute in a timely manner or at all. Consequently, the Group must ensure that it can gain access to any required substances at an early stage. To ensure an adequate and safe supply of Zubsolv in the US market, the Group must hold a certain inventory level raw materials, semi-finished products and finished products. Carrying a high inventory level creates a risk of depreciation of finished products or chemical compounds where the products or compounds cannot be used or sold within the estimated shelf-life of expiration time. Failure of making correct estimations and assumptions could lead to improper valuations of inventories, which could have a negative effect on the Group’s valuation of assets.

Difficulties with manufacturing and supply, forecasting, distribution or third-party suppliers may result in product shortages or excess, which would result in product sales losses and reputational harm in relation to partners and customers. This could in turn result in decreased sales and increased costs, which would adversely affect the Group’s results of operation.

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

### **Acquisitions**

The Issuer 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 to be ineffective, which could cause problems or unforeseen risks 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 of, for example, a transaction not being completed. Any such unforeseen events in connection with acquisitions of products and businesses could have a negative effect on the Group’s business and financial position.

The Issuer considers that the probability of the above risks occurring is *low* in the short term and *medium* in the long term. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

### **Risks related to intellectual property**

The Group’s product portfolio, and hence its assets, consist of patent-protected products and technologies. The ability to obtain and maintain patents and other intellectual property rights protecting the Group’s technologies and products is therefore crucial in order to protect the value of the Group’s assets. Furthermore, patent rights are typically acquired at the very start of the product development and since the research and trial phase preceding the commercial approval and launch may take significant time, there may only be a few years to earn an adequate return on investments made. As a consequence, the Group is dependent, at all stages of product development, to obtain, maintain, defend and enforce patents and other intellectual property rights to protect and recoup investment in research and development and maintain its cash flow.

Should the Issuer fail to obtain necessary patent protection, as well as to defend and enforce its patent rights it could allow entry of generic or competitor products earlier than anticipated. This could have a material adverse effect on the pricing and sales of the Group's products and materially adversely affect revenues.

Obtaining patents related to pharmaceuticals is a complex process that involves both scientific and legal expertise. Even if a patent has been granted, it may later be challenged legally, declared invalid or bypassed, which may limit the Group's ability to commercialise its new products. There is 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 the Issuer's pending applications without the Issuer being aware thereof, whereby the Issuer'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 the Issuer 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 the Issuer, 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.

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

There is also a risk that the Group's own products are found to infringe patents owned or licensed by third parties, including research-based and generic pharmaceutical companies and individuals. Such third-parties may seek remedies for patent infringement, including injunctions (for example, preventing the marketing of one of the Group's products) as well as damages.

Any inability for the Group to protect and enforce its patent protection and other intellectual property rights, or any infringements of the rights of others, could result in a decrease in cash flow generated by intellectual property transferred onto partners or third parties, which, in turn, could have a negative effect on the Issuer's business operating results and financial position.

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

### **Product safety and product liability**

The Group's business of manufacturing, testing, and marketing of pharmaceuticals involves an inherent risk related to product safety and product liability claims. The ability to accurately assess, prior to launch, the expected safety or efficacy of a new product once in broader clinical use can only be based on available pre-launch data, which is inherently limited due to the relatively short periods of product testing and inherent limitations in clinical study patient samples. Safety concerns or adverse events relating to the Group's products could lead to product recalls, seizures, loss of product approvals, declining sales and interruption of supply and could materially adversely affect market and patient access and impair brand reputation. Such safety concerns or adverse events, whether due to the Group or the patient not adhering to relevant warnings for risks related to use of the Group's products, could also result in injuries or even fatalities, which could expose the Issuer to material product liability damages claims, settlements and awards, particularly in the US. Adverse publicity relating to the safety of a product or of other competing products may also itself increase the risk of further product liability claims.

Any claims directed at the Group, whether unfounded or not, could have a material adverse effect on the Group's business and financial position, and may also lead to significant reputational harm, thus jeopardizing market access and access to clinical trials.

Furthermore, there is a risk that safety risks are non-insurable in any market where the Group may operate from time to time. Moreover, any insurance that the Issuer does obtain may not provide adequate protection against potential liability or claims. Should any insurance prove inadequate to cover losses incurred by the factors described above, it could lead to unexpected losses and thereby negatively affect the Group's results of operation and financial position.

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

## **II. Legal and regulatory risk**

### **Disputes with third parties or regulatory and administrative authorities**

The nature of the Group's business, including the protection of intellectual property rights and distribution of pharmaceutical products to consumers, subjects the Issuer to risks related to claims and litigation. The Group may, for example, be involved in disputes relating to product liability, consumer complaints, commercial contracts, anti-trust claims, environmental damages claims, employment related claims or tax proceedings or investigations. Litigation, particularly in the US, is inherently unpredictable and adverse outcomes of such proceedings may result in unexpectedly high awards for damages.

On 14 September 2020 the Issuer announced by way of press release that it had filed a patent infringement action in the United States District Court for the District of New Jersey against Sun Pharmaceutical Industries Limited, Sun Pharma Global FZE, Sun Pharma Global, Inc., and Sun Pharmaceutical Industries, Inc. (collectively "**Sun**"). Sun seeks to market and sell generic versions of Zubsolv before the expiration of five of the Group's patents listed in the Orange Book (drug products approved by the US Food and Drug Administration under the Federal Food, Drug, and Cosmetic Act). The outcome of the dispute is still uncertain but may prove costly and may result in the Group losing markets shares. This legal dispute, as well as any future legal disputes and proceedings may be time consuming, disrupt operations and come at high cost. There is a risk that certain of the Group's competitors may be able to sustain the costs of complex patent litigation more effectively than the Group, due to having substantially greater resources. In some proceedings, the counterparties may also seek damages and other remedies, which, if imposed or charged, could cause the Group to be liable for significant amounts, which outcome may be difficult to predict. If any of the abovementioned risks materialise, it could have a materially adverse effect on the Group's business, results of operation as well as, in turn, financial position.

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

### **Risks related to compliance and regulatory challenges**

The Group's business operations are subject to a wide range of laws, rules and regulations from governmental and non-governmental bodies around the geographies where the Group operates. Such statutes, rules and regulations include for instance, GMP, national and international environmental and occupational health and safety laws, trade control laws, embargoes, trade and economic sanctions and anti-boycott requirements, competition laws, financial regulations including, but not limited to, external financial reporting, taxation, employment practices as well as numerous particular healthcare related US rules and regulations.

Furthermore, the Group handles and process personal data and is thus obligated to follow the EU's General Data Protection Regulation (EU) 2016/679 ("**GDPR**") concerning rules and regulations for personal data processing as well as any equivalent data protection regulations in other countries. The Group is also subject to various regulations on handling of patient data. The Group is subject to risks that personal data is used erroneously, lost, disclosed or processed in violation of the applicable rules concerning data protection and privacy by the Group or by a third party contracted by the Group. Sanctions pursuant to such data protection laws, including the GDPR, could be significant.

In addition, changes in legislation may result in increased costs for regulatory compliance and administration costs for the Group.

If the Group fails to comply with applicable laws, rules and regulations as well as to adequately anticipate or proactively manage emerging policy and legal developments, the Issuer may be liable to pay damages or fines and/or be subject to suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and prosecution. Such failure may also adversely affect the Group's reputation; cause harm to persons or the environment, and/or lead to significant fines or other penalties. Should any such risks materialise, it could have a material adverse effect on the Group's business, results of operation and financial position.

On 14 July 2020 the Issuer's US subsidiary received subpoenas for the purpose of enabling US authorities to obtain certain information in relation to sales and marketing of Zubsolv and other buprenorphine products. The background for such requests is still unclear and the Issuer is collaborating with the US authorities to ensure that the necessary information is submitted and the scope of the investigations is clarified. It cannot be ruled out that such requests may result in an indictment and material fines, which could result in unexpected costs or reputational damage, or that management's attention will be diverted from the day-to-day operations.

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

#### **Risks related to illegal trade of pharmaceuticals**

The illegal trade in pharmaceutical products is widely recognised as an increasing issue in the pharmaceutical industry. Illegal trade includes counterfeiting, theft and unauthorised use in markets where the relevant pharmaceutical is not approved. Illegally traded products entering the supply chain pose risks to public health, and the Group is expected to mitigate risks of illegal trade of its products by monitoring its supply chains. There is also a risk that the Group's products are accessed by individuals that have not obtained the adequate prescription or that otherwise shall not have access to the Group's products. Any illicit trade or use of the Group's products may cause public confidence to decline, which could adversely affect the Issuer's reputation and business. In addition, undue or misplaced concern about this issue may cause some patients to stop taking their medicines, with consequential risks to their health. There is also a direct financial loss when, for example, counterfeit or illicitly acquired products replace sales of genuine products in a market or genuine products are recalled following discovery of counterfeit products.

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

#### **Environmental regulation**

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. If the Issuer 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 the Issuer 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 Issuer's business and reputation, which may affect its financial position negatively.

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

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

#### **Macro-economic factors**

The Group operates globally and is subject to political, socio-economic and financial factors (including foreign exchange movements) both globally and in individual countries.

The pricing and the demand of pharmaceutical products may be adversely affected by a downturn in the general economy in the US and/or in the EU, as well as on other major pharmaceutical markets. As elaborated under risk

factor “Risks due to the outbreak of the coronavirus” above, unemployment-related effects of the spread of COVID-19 led to that the market volume growth in the fourth quarter compared to the third quarter only amounted to 1 per cent., which impacted ZUBSOLV® (“Zubsolv”) commercial volumes and ability to grow in this segment.<sup>4</sup> 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 the Group’s present and potential future products. Furthermore, it may be future initiatives to curb rising pharmaceutical costs in the US and EU, as well as on other major pharmaceutical markets, which could affect future sales margins and product sales for pharmaceutical companies, including the Issuer. Such measures could result in fewer reimbursement possibilities and/or lower reimbursement levels in certain markets. Trade conflicts between the US and Europe could cause disruption to the groups supply chain and result in increased cost of manufacturing from import taxes and increased cost securing a sufficient inventory. Accordingly, deteriorated macro-economic conditions and changes to rules regarding the pricing of pharmaceutical products could have a negative effect on the Group’s results of operation and therefore its financial position.

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

### **Currency risk**

The Issuer’s consolidated financial statements are prepared in SEK, which thus is the reporting currency but also the functional currency of the Issuer. The earnings and financial position of Group companies that use a functional currency other than the reporting currency (SEK) are restated in SEK in the consolidated financial reports. The Issuer markets and distributes its products in countries other than Sweden, primarily in the US, and also receives license fees in currencies other than SEK. Receiving revenues and expenses in foreign currency give rise to currency transaction exposure. Furthermore, having assets in form of accounts receivable and liquid funds as well as liabilities, in form of accounts payable, in foreign currencies, results in currency translation exposure. The major part of the Group’s currency risk exposure is attributable to the sale and manufacturing of Zubsolv in the US as well as royalty income in currencies other than SEK, as license agreements are primarily denominated in USD and EUR.

A weakening of the SEK against other currencies increases the Issuer’s reported assets, liabilities, income and expenses, while a strengthening of the SEK against other currencies reduces these items. As of 31 December 2019, a change in the value of USD against SEK of 10 per cent. and with balance sheet exposure at such closing date would have entailed a change in other operating income and expenses of approximately SEK 13.1 million. The Issuer’s financial policy permits the use of exchange-rate hedging instruments, but no such arrangements are used as at the date of this material. Major currency fluctuations between SEK and other currencies could thus have material negative effects of the Group’s balance sheet, which could have an adverse effect on the Issuer’s financial position.

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

### **Incentive programs**

The Issuer has introduced a number of share-based incentive programs with the aim of motivating and rewarding key employees through partial ownership of the Group’s shares, thereby promoting the Issuer’s long-term interests. Such programmes will be paid in cash or treasury shares will be used for employees who wish to receive shares. There is a risk that such goals or targets will not be achieved resulting in employee dissatisfaction or that the incentivizing objectives do not result in increased or enhanced performance by the Group’s employees. Furthermore, share-based incentive programs entail tax related risks as well as risks for breaches of regulatory requirements imposed by, for instance, relevant stock markets. There is a risk that the Issuer’s assessments of applicable tax laws

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<sup>4</sup> The information is derived from the Group’s unaudited financial statements for the financial period 1 January–31 December 2020, p. 9.

and other regulations are inaccurate or that the group otherwise fail to comply with any applicable rules and regulations, which may lead to a future increased tax burden and/or fines or costs, which in turn could negatively affect the Group's results of operation and financial position.

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

## **Risk factors specific and material to the Bonds**

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

#### **Ability to service debt**

The Issuer's ability to service its debt obligations under the Bonds depends on the Group's ability to meet its payment obligations, which in turn is dependent on the Group's future financial and operating performance. The Issuer's and the Group's financial position is affected by several factors, a number of which have been discussed above. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group may be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital.

The risk that the Group cannot service its debt obligations under the Bonds also implies a credit risk for investors in the Bonds. An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' market value negatively, which in turn could affect any secondary trading in the Bonds. Another aspect of the credit risk is that a deteriorating financial position could negatively impact the Group's access to financing and thereby reduce the Group's ability to repay the Bonds at maturity, as set out below under "*Refinancing risk*".

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

#### **Refinancing risk**

The Group may be required to refinance certain or all of its outstanding debt, including the Bonds. As at 31 December 2020, the Group's net debt (*i.e.* current and long-term interest-bearing liabilities including pension liabilities, less cash and cash equivalents<sup>9</sup> amounted to long-term interest-bearing debt amounted to SEK 280.8 million.<sup>5</sup> The Group's ability to refinance the Bonds or other debt as such obligations fall due may be restricted due to the Group's financial position at the time of such refinancing. Furthermore, according to the terms and conditions for the Bonds (the "**Terms and Conditions**"), certain additional indebtedness could only be incurred if the Issuer meets the requirements under the Incurrence Test (as defined in the Terms and Conditions), stipulating that a minimum Net interest Bearing Debt to EBITDA level and a maximum Interest Coverage Ratio (all as defined in the Terms and Conditions). In addition, the Issuer must ensure that the Maintenance Test (as defined in the Terms and Conditions) is met as long as any Bond is outstanding, which is tested quarterly and requires the Issuer to maintain certain levels of Cash and Cash Equivalents as well as a certain ratio of Net Interest Bearing Debt in relation to earnings before income and tax in the US Pharma segment. There can be no assurance that the Issuer meets the stipulated requirements if needed in order to refinance its outstanding debt obligations.

Such restrictions as well as adverse developments in the credit markets and other future adverse developments, such as the further deterioration of the overall financial markets or a worsening of general economic conditions, could have a material adverse effect on the Group's ability to borrow funds as well as the cost and other terms of funding. There can be no assurance that such funds will be available at a commercially reasonable cost, or at all and consequently, there can be no assurance that the Group will be able to refinance the Bonds when they mature.

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<sup>5</sup> The information is derived from the Group's unaudited financial statements for the financial period 1 January–31 December 2020, p. 16.

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

### **Interest rate risks and benchmarks**

The Bonds' value depends on several factors, one of the more significant over time being the level of market interest. The Bonds will bear a floating rate interest of STIBOR plus a certain margin and the interest rate is therefore adjusted for changes in the level of the general interest rate. Hence, there is a risk that increased general interest rate levels significantly affect the market value of the Bonds.

The determining interest rate benchmarks, such as STIBOR have been subject to regulatory changes such as the Benchmarks Regulation (Regulation (EU) 2016/1011 on indices used as benchmarks in financial and contracts or to measure the performance of investment funds) (the "BMR"). The implementation of the BMR will lead to that certain previously used benchmarks, such as LIBOR, will be discontinued. There is a risk that also STIBOR will be discontinued, or that alternative benchmark rates will dominate market practice, leading to uncertainties in relation to the interest rate payable in relation to the Bonds. There is a risk that developments in relation to STIBOR cause volatility in STIBOR, which would affect the interest rate for the Bonds.

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

### **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 Issuer 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.

The Issuer considers that the probability of the risks described above is *low*. If the effects would materialise, the Issuer considers the potential negative impact as *low*.

## **II. Risks related to the Bondholders' rights and representation**

### **Risks related to admission to trading**

The Issuer has undertaken to ensure that the Bonds are listed on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on any other Regulated Market within certain stipulated time periods, as defined in the Terms and Conditions, and the failure to do so provides each Bondholder with a right of prepayment (put option) of its Bonds. Furthermore, the Issuer has an intention to have the Bonds admitted to trading within thirty (30) calendar days after the any relevant Issue Date (as defined in the Terms and Conditions). There is a risk that the Bonds will not be admitted to trading on the relevant market place within the intended time frames or at all. If the Issuer fails to admit the Bonds to trading within the intended period of thirty (30) calendar days, investors holding Bonds on an investment savings account (Sv. *ISK* or *IS-konto*) will no longer be able to hold the Bonds on such account, thus affecting such investor's tax situation.

The Issuer considers that the probability of the risks described above is *low*. If the effects would materialise, the Issuer considers the potential negative impact as *high*.

### **Financing, structural subordination and priority rights**

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.

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.

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



## 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, and the full Terms and Conditions for the Bonds included under Section “*Terms and Conditions for the Bonds*”, before a decision is made to invest in the Bonds.

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

### General

Issuer .....	Orexo AB (publ), a public limited liability company incorporated under the laws of Sweden with registration number 556500-0600.
Resolutions, authorisations and approvals .....	The Issuer’s board of directors resolved to issue the Bonds on 27 January 2021.
The Bonds offered.....	SEK 500,000,000 senior unsecured callable floating rate bonds due 11 February 2025. The Issuer may at one or more occasions after the Issue Date issue Subsequent Bonds under the same Terms and Conditions until the total amount under such issue together with the Bonds equals 1,000,000,000. The Prospectus is valid for the Bonds that have been issued as at the date of this Prospectus, being Bonds in an amount of SEK 500,000,000.
Nature of the Bonds .....	The Bonds constitute debt instruments (Sw. <i>skuldförbindelser</i> ), each of the type set forth in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act (Sw. <i>lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument</i> ).
Number of Bonds .....	As of the date of this Prospectus, 400 Bonds have been issued. A maximum of 800 Bonds may be issued under the Terms and Conditions.
ISIN.....	SE0015193958
Issue Date.....	11 February 2021.
Price .....	All Bonds issued on the Issue Date have been issued at an issue price of 100.00 per cent. of the Nominal Amount.
Interest Rate .....	Interest on the Bonds is paid at a rate equal to the sum of (a) three (3) months STIBOR, plus (b) 375 basis points <i>per annum</i> . Interest will accrue from, but excluding, the Issue Date. The determination of STIBOR is described under the definition “STIBOR” in the Terms and Conditions.
Use of benchmark .....	Interest payable for the Bonds issued under the Terms and Conditions is calculated by reference to STIBOR. As of the date of this Prospectus, the administrator (being Swedish Financial Benchmark Facility) does not appear in the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the regulation (EU) 2016/1011 (the Benchmark Regulation).
Interest Payment Dates.....	Quarterly in arrears on 11 February, 11 May, 11 August and 11 November each year (with the first Interest Payment Date being on 11 May 2021 and the last Interest Payment Date being the Final Redemption Date, 11 February 2025). Interest will accrue from, but excluding, the Issue Date or any Interest Payment

	Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).
Final Redemption Date .....	11 February 2025.
Nominal Amount.....	The initial nominal amount of each Bond is SEK 1,250,000 and the minimum permissible investment upon issuance of the Bonds was SEK 1,250,000.
Denomination.....	The Bonds are denominated in SEK.
Status of the Bonds .....	The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least <i>pari passu</i> with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer (except for obligations mandatorily preferred by regulation applying to companies generally) and without any preference among them.
Use of Proceeds.....	The net proceeds from the Bonds are have been applied towards repayment in full of the Issuer's maximum SEK 500,000,000 senior unsecured callable floating rate bonds 2017/2021 with ISIN SE00104944504. Residual amounts shall be used for general corporate purposes and acquisitions.

## Call Option

Call Option.....	The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day before the Final Redemption Date (being 11 February 2025). Each Bond shall be redeemed at the applicable Call Option Amount together with accrued but unpaid Interest, in accordance with Clause 10.3 ( <i>Early voluntary total redemption by the Issuer (call option)</i> ) of the Terms and Conditions.
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## Put Option

Put Option .....	Upon a Change of Control, a De-listing or a Listing Failure occurring, each Bondholder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of thirty (30) calendar days following a notice from the Issuer of the relevant event, as further set out in Clause 10.4 ( <i>Mandatory repurchase due to a Change of Control, De-listing or Listing Failure (put option)</i> )) of the Terms and Conditions.
Change of Control Event.....	Means the occurrence of an event or series of events whereby one or more Persons (other than Novo Holding A/S (reg. no. 24257630)) 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.
De-listing.....	means each of the following:  (a) the Issuer's shares are not listed and admitted to trading on Nasdaq Stockholm or any other Regulated Market, or trading of the Issuer's shares on

any of the aforementioned stock exchanges is suspended for a period of fifteen (15) consecutive Business Days; or

(b) once the Bonds are admitted to trading on the corporate bond list of Nasdaq Stockholm or any other Regulated Market, that the Bonds are no longer admitted to trading or listed thereon (however, taking into account the rules and regulations (as amended from time to time) of the relevant Regulated Market, and the CSD preventing trading in the Bonds in close connection to the redemption of the Bonds.

Listing Failure ..... Means a situation where (a) the Initial Bonds have not been admitted to trading on the corporate bond list of Nasdaq Stockholm or any other Regulated Market within sixty (60) calendar days after the First Issue Date; or (b) any Subsequent Bonds have not been admitted to trading on the relevant Regulated Market within sixty (60) days after the relevant Issue Date.

## Undertakings

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

- restrictions on making certain distributions;
- undertaking to have the Bonds admitted to trading within six (6) months after a relevant Issue Date;
- undertaking to at all times meet the Maintenance Test;
- restrictions in relation to providing loans to other parties than any Group Company.;
- restrictions in relation to incurring any new Financial Indebtedness, or maintaining or prolonging any existing Financial Indebtedness, save for Permitted Debt;
- restrictions on provide, prolong or renew any security over any of its assets (present or future) to secure any Financial Indebtedness, save for Permitted Security;
- obligation to procure that during each calendar year, there shall be a period of five consecutive calendar days during which the amount outstanding under the Working Capital Facility shall be zero.
- restrictions on disposals of assets;
- restrictions on mergers and demergers;
- restrictions on making any substantial changes to the general nature of the business carried out by the Group; and
- restrictions on dealings with related parties.

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

## Miscellaneous

Transfer restrictions ..... The Bonds are freely transferable. Upon a transfer of Bonds, any rights and obligations under the Terms and Conditions relating to such Bonds are automatically transferred to the transferee.

Credit rating .....	No credit rating has been assigned to the Bonds.
Admission to trading .....	Application for admission to trading of the Bonds on the sustainable bond list of Nasdaq Stockholm will be filed in connection with the SFSA's approval of this Prospectus. The latest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 19 March 2021. The total expenses of the admission to trading of the Bonds are estimated to amount to approximately SEK 100,000.
Representation of the Bondholders .....	<p>Nordic Trustee &amp; Agency AB (publ), Swedish reg. no. 556882-1879, is acting as Agent for the Bondholders in relation to the Bonds and any other matter within its authority or duty in accordance with the Terms and Conditions.</p> <p>By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf, on the terms, including rights and obligations of the Agent, which is set out in the Terms and Conditions for the Bonds. The Terms and Conditions for the Bonds are incorporated in this Prospectus under the section "<i>Terms and Conditions for the Bonds</i>" below, and are available at the Agent's office address, Norrlandsgatan 23, SE-111 43 Stockholm, Sweden, during normal business hours as well as at the Agent's website, <a href="http://www.nordictrustee.com">www.nordictrustee.com</a>.</p>
Governing law .....	The Bonds are governed by Swedish law.
Time-bar .....	The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void 3 years from the relevant due date for payment.
Clearing and settlement .....	The Bonds are connected to the account-based system of Euroclear Sweden AB, Swedish reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden. This means that the Bonds are registered on behalf of the Bondholders on a securities account (Sw. <i>VP-konto</i> ). No physical Bonds have been or will be issued. Payment of principal, interest will be made through Euroclear Sweden AB's book-entry system.
Risk factors .....	Investing in the Bonds involves substantial risks and prospective investors should refer to Section " <i>Risk Factors</i> " for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.

# DESCRIPTION OF THE ISSUER AND THE GROUP

## Overview of the Issuer

Orexo AB (publ) was formed on 5 June 1973. The Company is a public limited liability company registered in Sweden and is governed by Swedish law including, but not limited to, the Swedish Companies Act and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*).

<i>Legal form</i>	Public limited liability company.
<i>Corporate registration number</i>	556500-0600.
<i>LEI-code</i>	549300LJ5CCWDPTK9Z08.
<i>Incorporated</i>	18 November 1994.
<i>Registered</i>	25 November 1994 with the Swedish Companies Registrations office (Sw. <i>Bolagsverket</i> ).
<i>Head office</i>	Municipality of Uppsala.
<i>Address</i>	Box 303, SE-751 05, Uppsala, Sweden.
<i>Visitors address</i>	Rapsgatan 7E, Uppsala, SE-754 50, Sweden.
<i>Phone number</i>	+(46) (0)18 780 88 00.
<i>Website</i>	www.orexo.se (the information provided at the Issuer's website does not constitute part of this Prospectus unless explicitly incorporated by reference).
<i>Commercial name</i>	Orexo. The name Orexo AB was registered on 15 May 2003.
<i>Operational objective</i>	The Company shall directly or indirectly, conduct research and development, manufacturing, marketing and sale of pharmaceutical products and diagnostic compounds, as well as manage real and movable property and any other activities compatible therewith.

## History and development

Below is a brief description of the Company's and the Group's development, including significant business events.

<b>Year</b>	<b>Event</b>
<b>1995</b>	The Company is founded with a vision to develop improved pharmaceuticals, fulfilling unmet patient needs. This is done by optimization of the properties of well-documented substances in combination with innovative drug delivery technologies
<b>2000</b>	The Company's first own developed product Diabact® UBT, for diagnosing of the gastric ulcer bacterium <i>Helicobacter pylori</i> , is approved in its first market.
<b>2003</b>	New owners contribute with financing and several development projects are started.
<b>2005</b>	The Company's shares are listed on the Nasdaq Stockholm stock exchange

- 2008** The own developed product Abstral® (“**Abstral**”), for treatment of breakthrough cancer, is approved in its first market.
- 2009** The Company’s own developed product for insomnia is approved and is today commercialized by Mylan on multiple markets.
- 2010** The Company issues new shares and Novo Holding A/S enters as the largest shareholder. The Board of Directors reviews the strategy and creates a vision of establishing a commercial business in the US based on the Company’s proprietary products.
- 2013** A commercial subsidiary in the US is established and ZUBSOLV® (“**Zubsolv**”), for treatment of Opioid Use Disorder, is launched in September 2013.
- 2015** The Company divests its subsidiary Kibion, which also includes the product Diabact® UBT.
- 2016** After three years in the US, the Company sells Zubsolv for more than SEK 480 million and more than SEK 1 000 million gross in total, thereby reaching the first full year in history with profitability.
- 2018** The Company wins a multiyear patent battle against the generic company Teva/Actavis securing patent protection for Zubsolv in the US until 2032. The Company internalizes its sales force.
- 2019** The Company enters a partnership with the German company GAIA AG (“**GAIA**”), a world leader within digital therapeutics, with the aim to develop a digital therapy for treatment of opioid use disorder worldwide. The partnership expands as the Company acquires the US rights for vorvida® (“**vorvida**”), a scientifically proven digital therapy for alcohol misuse including alcohol use disorder.
- 2020** The digital portfolio continues to grow with a therapy for treatment of depression, deprexis® (“**deprexis**”), also developed by the Company’s partner GAIA and with multiple clinical trials showing its efficacy. Zubsolv US gross sales since start reached USD 1 billion.

## **Business and operations**

### **General**

The Company is a specialty pharmaceutical company developing improved pharmaceuticals and digital therapies addressing unmet needs mainly within the space of addiction. The products are commercialized by the Company in the US or via partners worldwide. The company is headquartered in Uppsala, Sweden, where research and development activities are performed. The Group’s total net revenues for the financial year 2020 amounted to SEK 159.2 million, and the number of employees was 138.

### **Key markets, technology and product portfolio**

The main market today is the American market for buprenorphine/naloxone products, where the Company commercializes its lead product Zubsolv for treatment of opioid use disorder in its reporting segment US Pharma.

The Company’s product portfolio comprises of traditional pharma products and digital therapies. In the traditional pharma segment, the ability to develop new improved products through a combination of well-known and well documented substances is to use innovative in-house drug delivery technologies and the Company develops innovative technologies for both oral, sublingual and intranasal drug formulations. The Company is particularly recognised for its drug-delivery technologies within sublingual drug administration enabling efficient absorption across the sublingual mucosa (under the tongue) thereby achieving improved efficiency compared with those of competitors. The digital therapies are developed together with GAIA and the technology is built on the artificial intelligence (AI) software broca® and simulates interaction between the patient and an empathetic physician or therapist.

The Group's products are developed to provide innovative solutions to address patient need within the Group's key therapeutic area, and as at the date of this Prospectus, the product portfolio comprises of:

- Zubsolv<sup>®</sup>, a sublingual buprenorphine/naloxone pharma product targeting opioid use disorder (see further below).
- Abstral<sup>®</sup>, is a rapidly disintegrating sublingual tablet for management of breakthrough cancer pain in patients already being treated with opioids. The product contains the pain-relieving substance fentanyl. It is commercialised by Kyowa Kirin.
- Edluar<sup>®</sup> ("Edluar"), for treatment of insomnia based on the Company's sublingual tablet technology and with the active substance zolpidem. It is commercialised by Mylan, worldwide.
- Deprexis<sup>®</sup>, digital therapy to manage symptoms of depression. It is in-licensed from GAIA and has been approved and launched in the US.
- Vorvida<sup>®</sup>, digital therapy for heavy alcohol use, incl. alcohol use disorder (AUD). It is in-licensed from GAIA and has been approved and launched in the US.
- Modia<sup>™</sup> ("Modia"), a digital therapy for opioid use disorder (OUD). It is in-licensed from GAIA which is to be launched. The Company has global rights to the product.

### **Research and development**

The Company has historically developed new products that are approved in markets all over the world, and devotes significant resources onwards research and development. The pipeline contains development projects with a primary therapeutic focus around addiction in all phases, from prevention to treatment.

In 2019, the Company expanded its research and development efforts outside traditional pharma products and into digital therapeutics. As of 31 December 2020, the Company had four pipeline projects within traditional pharma whereof two were in phase 1 and two in phase 2.<sup>6</sup>

### **Material agreements**

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

### **Overview of the Group**

The Company is the parent company of the Group consisting of the three wholly-owned subsidiaries Pharmacall AB, Biolipox AB and Orexo US Inc. The Company is responsible for the Group's head quarter functions, research and development, corporate development, global regulatory, supply chain and group business support, whereas the US subsidiary, Orexo US Inc., is responsible for the US commercialization of Zubsolv and possesses a full commercial infrastructure.

As the revenues of the Group to a large part are derived from the subsidiaries, the Company is dependent upon dividends from such subsidiaries in order to generate profit and cash flow and to meet its obligations under the Terms and Conditions.

### **Recent events particular to the Issuer**

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

As announced by way of press release on 5 February 2021, the Company has given notice to all holders of its maximum SEK 500,000,000 senior unsecured callable floating rate bonds 2017/2021 with ISIN SE0010494450 of

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<sup>6</sup> The information is derived from the Group's unaudited financial statements for the financial period 1 January–31 December 2020, p. 12.

early redemption of such bonds in full. The redemption price amounted to 101.50 percent of the total outstanding nominal amount plus accrued but unpaid interest.

## **Material adverse changes, significant changes and trend information**

Apart from as set out under the heading “*Governmental, legal or arbitration proceedings*” below, there has been no material adverse change in the prospects of the Issuer since the end of the financial period covered in its last audited financial report.

There have been no significant changes in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of this Prospectus and there have been no significant changes in the financial position of the Group which has occurred since the end of the last financial period for which the Group has published interim financial information.

There has been no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer’s prospects for the current financial year. However, the spread of the corona virus, is a great concern to the world and the future economic impact of the virus is difficult to estimate due to the high degree of uncertainty surrounding the current situation. It cannot be ruled out that it may have a material effect on the Group.

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

On 14 July, 2020, the Group’s US subsidiary received subpoenas for the purpose of enabling US authorities to obtain certain information in relation to sales and marketing of Zubsolv and other buprenorphine products. The Company has no knowledge of the background to the requests and is collaborating with the US authorities to ensure they receive the necessary information and to understand the scope of the investigations.<sup>7</sup>

As announced by way of press release on 10 August 2020, the Company received a “paragraph IV” patent certification notice from Sun Pharmaceutical Industries Limited (“**Sun**”). The letter advised the Company of Sun’s filing of an Abbreviated New Drug Application (“**ANDA**”) with the US Food and Drug Administration (FDA) seeking approval of generic versions of Zubsolv before the expiration of the Company’s listed patents listed in the Orange Book. As a response to above notice the Company, filed a patent infringement action on 13 September 2020 in the US District Court for the District of New Jersey, against Sun. The filing statutorily precludes FDA from approving Sun’s ANDA for 30 months, or until a district court decision finds the patents to be invalid or not infringed, whichever occurs first.

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

## **Credit rating**

No credit rating has been assigned to the Issuer.

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<sup>7</sup> The information is derived from the Group’s unaudited financial statements for the financial period 1 January–31 December 2020, p. 21.



# OWNERSHIP STRUCTURE

## Ownership structure

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 may issue ordinary shares entitling the holder to one (1) vote and class C shares, entitling the holder to one tenth (1/10) of a vote. The Company's current share capital amounts to SEK 14,221,443.599290 divided among 34,710,639 ordinary shares. As at the date of this Prospectus, no shares of class C are outstanding. The shares are denominated in SEK.

The Company's ordinary shares are publicly traded on Nasdaq Stockholm since 2005 under the short name ORX, with ISIN SE0000736415. In order to facilitate trade in the US the Company's has American Depositary Receipts (ADR), under the symbol ORXOY, listed on the OTCQX market since 13 November 2013, of the OTC Markets Group Inc., which is a market for over-the-counter securities in the U.S. Such listing has been made and the ADRs are listed as ORXOY. An ADR security are traded in American dollar (USD)

The largest shareholders of the Company are set out in the table below. As of 31 January, the 15 largest shareholders together hold 64.1 per cent. of the shares in the Issuer.

Shareholders	Number of shares <sup>8</sup>	Share capital and votes (%)
Novo Holdings A/S	9,643,184	27.8
HealthCap	3,556,334	10.2
Avanza Pension	2,275,264	6.6
Arbetsmarkedets Tillægspension (ATP)	2,040,633	5.9
Anders Walldov	1,600,000	4.6
Lancelot Asset Management AB	608,336	1.8
Orexo AB	415,766	1.2
Evli Funds	359,552	1.0
Nordnet Pension Insurance	332,445	1.0
Swedbank Insurance	330,068	1.0
Thomas Lundqvist	254,567	0.7
Kungl. Vetenskapsakademien (KVA)	220,000	0.6
SEB Funds	212,545	0.6
Handelsbanken Funds	206,518	0.6
Huber, Reuss & Kollegen Vermögensverwaltung	200,000	0.6
Others	12,455,427	35.9
<b>Total</b>	<b>34,710,639</b>	<b>100.0</b>

The Company's corporate governance is based on applicable laws, rules and recommendations such as the Swedish Code of Corporate Governance (Sw. *svensk kod för bolagsstyrning*) (the "Code"), its articles of association and internal regulations and guidelines. To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act and the Code.

## Shareholders' agreements

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

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<sup>8</sup> Holdings as of 31 January 2021. Data source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Supervisory Authority, among others (please refer to [www.orexo.com/investors/the-share/](http://www.orexo.com/investors/the-share/)).

# THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITORS

## General

The division of duties between the board of directors and the CEO follows Swedish law and is set out in the rules of procedure for the board of directors and instructions for the CEO. The CEO and the CFO are responsible for the Issuer's ongoing management and operations, reports to the board of directors and are required to manage the operations in accordance with the board of directors' guidelines and instructions as well as provide the board with decision-aiding materials. The board of directors of the Company currently consists of eight members.

The business address for all members of the board of directors and the senior management is the registered business address of the company: Orexo AB (publ), Box 303, SE-751 05, Uppsala, Sweden. The board of directors of the Company currently consists of eight 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

### Overview

Name	Position	Shareholdings <sup>1)</sup>
James Noble	Chairman	-
Staffan Lindstrand	Board member	881
Charlotte Hansson	Board member	-
Henrik Kjaer Hansen	Board member	0
David Colpman	Board member	2,636
Kirsten Detrick	Board member	0
Mary Pat Christie	Board member	0
Fred Wilkinson	Board member	0

<sup>1)</sup> Shareholdings as of 31 December 2020.

### Members

*James Noble:* Born 1959 and of British nationality. Chairman of the Board of Directors since 2020. Current assignments outside the Group include Board member of Adaptimmune since 2019, Board member and Deputy Chairman of GW Pharmaceuticals since 2007.

*Staffan Lindstrand:* Born 1962 and of Swedish nationality. Board member since 2002. Current assignments outside the Group include Partner of HealthCap since 1997, Board member of HealthCap AB, PulmonX Inc., Doctrin AB and The Swedish Association of Exchange-listed Companies.

*Charlotte Hansson:* Born 1969 of Swedish nationality. Board member since 2020. Current assignments outside the Group include CFO at Systembolaget AB, since 2015.

*Henrik Kjaer Hansen:* Born 1976 and of Danish nationality. Board member since 2018. Current assignments outside the Group include Senior Director, Principal Investments, Novo Holdings A/S. Board member of Xellia Pharmaceutical.

*David Colpman:* Born 1961 and of British nationality. Board member since 2015. Current assignments outside the Group include Director of Colpman Consulting Ltd since 2014. Member of the Royal Pharmaceutical Society. Board member of HRA Pharma and Forendo Pharma Ltd.

*Kirsten Detrick:* Born 1965 and of American nationality. Board member since 2016. Current assignments outside the Group include Managing Director at Takeda Austria GmbH and Takeda Osteuropa Holding GmbH since July, 2016.

*Mary Pat Christie:* Born 1963 and of American nationality. Board member since 2019. Current assignments outside the Group include Board member of Hackensack Meridian Health’s Carrier Clinic and Restaurant Technologies.

*Fred Wilkinson:* Born 1954 and of American nationality. Board member since 2019. Current assignments outside the Group include board member of Alter Pharma Group.

## Executive management

### Overview

Name	Position	Numbers of shares <sup>1)</sup>	Number of stock options/share awards entitling to shares <sup>1)</sup>
Nikolaj Sørensen	President and CEO	72,665	354,483
Robert A. DeLuca	President Orexo US Inc	8,568	181,448
Johannes Doll	EVP and Chief Commercial Officer	43,970	78,216
Dennis Urbaniak	EVP Digital Therapeutics	6,000	33,400
Michael Sumner	Chief Medical Officer	21,805	103,942
Joseph DeFeo	EVP and Chief Financial Officer	3,639	82,054
Cecilia Coupland	VP and Head of Operations	2,132	43,996
Robert Rönn	VP and Head of R&D	1,741	45,896

<sup>1)</sup> Holdings as of 31 December 2020.

### Members

*Nikolaj Sørensen:* Born 1972. Chief Executive Officer since February 2013, employed since 2011. Current assignments outside the Group include Member of the Board, Bioservo Technologies AB.

*Robert A. DeLuca:* Born 1961. President of Orexo US Inc. since 2013. Current assignments outside the Group include Member of the St. John’s College of Pharmacy Dean’s Advisory Board, American Society of Addiction Medicine, Academy of Managed Care Pharmacy and the American and New Jersey Pharmacists Associations.

*Johannes Doll:* Born 1981. EVP and CCO since October 2019, employed since 2016. There are no current assignments outside the Group.

*Dennis Urbaniak:* Born 1969. EVP Digital Therapeutics since December 2019. Current assignments outside the Group include Member of HIMSS (Healthcare Information and Management Systems Society).

*Michael Sumner:* Born 1965. Chief Medical Officer since 2013. Current assignments outside the Group include Scientific Advisory Board FirstString Research Inc.

*Joseph DeFeo:* Born 1961. EVP and Chief Financial Officer since November 2018. There are no current assignments outside the Group.

*Cecilia Coupland:* Born 1976. VP and Head of Operations since January 2019, There are no current assignments outside the Group.

*Robert Rönn:* Born 1976. VP and Head of R&D since. There are no current assignments outside the Group.

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

None of the members of the board of directors or the executive management of the Issuer has a private interest that may be in conflict with the interests of the Issuer. However and as described above, certain members of the board of directors or the executive management of the Issuer have financial interests in the Issuer as a consequence of their holdings of shares in the Issuer. Notwithstanding the above, it cannot be excluded that other conflicts of interest may arise in the future between companies, in which members of the board of directors or the executive management of the Issuer have duties, and the Issuer.

## **Auditor**

Ernst & Young Aktiebolag (reg. no. 556053-5873), with Björn Ohlsson as the auditor in charge, has been the Company's auditor for the period covered by the historical financial information incorporated into this Prospectus by reference. Björn Ohlsson is a member of FAR. The business address to the Company's auditor is Box 7850, SE-103 99 Stockholm, Sweden.

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

# **SUPPLEMENTARY INFORMATION**

## **Information about the Prospectus**

This Prospectus has been approved by the Swedish Financial Supervisory Authority (the “SFSA”) as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. The SFSA’s approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

## **Authorisations and responsibility**

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the issuance of the Bonds and the performance of its obligations relating thereto. The issuance of the Bonds on 11 February 2021 was resolved upon by the board of directors of the Issuer on 27 January 2021.

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

## **Information from third parties**

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

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

ABG Sundal Collier ASA and its affiliates have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of ABG Sundal Collier ASA and/or its affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## **Documents available for inspection**

Copies of the following documents are available at the Issuer’s head office in paper format during the validity period of this Prospectus and also available in electronic format at the Issuer’s website, [www.orexo.se](http://www.orexo.se).

- The Issuer’s articles of association.
- The Issuer’s certificate of registration.
- The Group’s consolidated audited annual report for the financial year ended 31 December 2019, including the applicable audit report.
- The Group’s consolidated audited annual report for the financial year ended 31 December 2018, including the applicable audit report.

# FINANCIAL INFORMATION

## Historical financial information

The Group's consolidated audited annual reports for the financial years ended 31 December 2018 and 31 December 2019 have been incorporated in this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Prospectus.

All financial information in this Prospectus relating to the financial period 1 January–31 December 2020 or as of 31 December 2020 derives from the Groups consolidated unaudited interim report for the financial period 1 January–31 December 2020 or constitutes the Group's internal financial information and has not been audited or reviewed by the Issuer's auditor.

## Accounting standards

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 consolidated financial information for the financial year ending 31 December 2018 and 31 December 2019 has been prepared in accordance with the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen*), the Swedish Financial Reporting Board's recommendation RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*), as well as International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretative notices from IFRS Interpretation Committee (IFRIC). The Company applies the same accounting policies as the Group. Any deviations that occur between the policies of the Parent Company and the Group are due to restrictions in the ability to apply IFRS to the Company pursuant to the Swedish Annual Accounts Act (ÅRL) and the Pension Obligations Vesting Act and, in some instances, for tax purposes.

## Auditing of the historical financial information

The Company's consolidated annual reports for the financial years that ended 31 December 2018 and 31 December 2019, have been incorporated in this Prospectus by reference. The consolidated annual reports have been audited by the Company's auditor Ernst & Young Aktiebolag, with Björn Ohlsson as the auditor in charge, and the auditor's report has been incorporated in this Prospectus through the consolidated annual reports for the financial years ended 31 December 2018 and 31 December 2019 by reference.

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

## Incorporation by reference

The following information in the Group's consolidated audited annual reports for the financial years 2018 and 2019 is incorporated in this Prospectus by reference and is available at the Issuer's website, [www.orexo.se](http://www.orexo.se). For particular financial figures, please refer to the pages set out below.

## Reference

## Pages

### The Group's consolidated annual report 2019

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**The Group's consolidated annual report 2018**

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**TERMS AND CONDITIONS FOR THE BONDS**

**TERMS AND CONDITIONS**

**orexo**

**OREXO AB (PUBL)**

**MAXIMUM SEK 1,000,000,000**

**SENIOR UNSECURED CALLABLE FLOATING RATE  
BONDS 2021/2025**

**ISIN: SE0015193958**



## **SELLING RESTRICTIONS**

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

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), 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, except for “Qualified Institutional Buyers” (“**QIB**”) within the meaning of Rule 144A under the U.S. Securities Act.

## **PRIVACY STATEMENT**

Each of the Issuer, the Agent and the Issuing Agent may collect and process personal data relating to the Bondholders, the Bondholders’ representatives or agents, and other persons nominated to act on behalf of the Bondholders pursuant to the Finance Documents (name, contact details and, when relevant, holding of Bonds). The personal data relating to the Bondholders is primarily collected from the registry kept by the CSD. The personal data relating to other Persons is primarily collected directly from such Persons. The personal data collected will be processed by the Issuer, the Agent and the Issuing Agent for the following purposes (i) to exercise their respective rights and fulfil their respective obligations under the Finance Documents, (ii) to manage the administration of the Bonds and payments under the Bonds, (iii) to enable the Bondholders to exercise their rights under the Finance Documents and (iv) to comply with its obligations under applicable laws and regulations.

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

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

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

Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out. The Issuer’s, the Agent’s and the Issuing Agent’s addresses, and the contact details for their respective data protection officers (if applicable), are found on their respective websites: <https://www.orexo.com/>, [www.nordictrustee.com](http://www.nordictrustee.com) and <https://www.abgsc.com/>.

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**TERMS AND CONDITIONS**  
**OREXO AB (PUBL)**  
**MAXIMUM SEK 1,000,000,000**  
**SENIOR UNSECURED CALLABLE FLOATING RATE BONDS**  
**2021/2025**  
**ISIN: SE0015193958**

**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 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, an Affiliate of a Group Company or any other person or entity owning any Bonds that has undertaken towards a Group Company or an Affiliate of a Group Company to vote for such Bonds in accordance with the instructions given by a Group Company or an Affiliate of a Group Company, in each case 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 between the Agent and the Issuer on or prior to the First Issue Date regarding, *inter alia*, the remuneration payable by the Issuer to the Agent or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent.

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

“**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. direktregistrerad 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 public holiday. For the purpose of this definition, Saturdays, Sundays, Midsummer Eve (*Sw. midsommarafton*), Christmas Eve (*Sw. julafton*) and New Year’s Eve (*Sw. nyårsafton*) shall 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) if the call option is exercised on or after the First Issue Date up to, but not including, the First Call Date, an amount equivalent to the sum of:
  - (i) 101.875 per cent. of the Nominal Amount, and
  - (ii) the remaining interest payments up to, but not including, the First Call Date.
- (b) 101.875 per cent. of the Nominal Amount if the call option is exercised on or after the First Call Date up to, but not including, the date falling thirty (30) months after the First Issue Date;
- (c) 101.3125 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 not including, the date falling thirty-six (36) months after the First Issue Date;
- (d) 100.75 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 not including, the date falling forty-two (42) months after the First Issue Date; and
- (e) 100.375 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 not including, the Final Redemption Date.

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

“**Change of Control**” 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.

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

“**Conditions Precedent 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).

“**CSD Regulations**” means the CSD’s rules and regulations applicable to the Issuer, the Agent and the Bonds from time to time.

“**De-listing**” means each of the following:

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

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

“**EBIT US Pharma**” means, in respect of the Relevant Period, the EBIT of the segment US Pharma, according to the latest Financial Statement, however before taking into account any extraordinary or exceptional items, which are not in line with the ordinary course of business of the Group.

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

- (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 extraordinary or 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;

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- (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 and 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 under the Existing Bonds 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 bondholders under the Existing Bonds (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 Issuer's maximum SEK 500,000,000 senior unsecured callable floating rate bonds 2017/2021 with ISIN SE0010494450, under which SEK 292,500,000 is outstanding and of which (i) Existing Bonds in an aggregate amount of SEK 77,400,000 will be repurchased and cancelled by the Issuer prior to the First Issue Date and of which (ii) Existing Bonds in an aggregate amount of SEK 66,600,000 are held by the Issuer which will be cancelled by the Issuer in connection with the early redemption of the Existing Bonds.

**“Final Redemption Date”** means 11 February 2025.

**“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 Statement (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.

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

- (a) monies borrowed or raised, including Market Loans;
- (b) means any lease or hire purchase contract, a liability under which would, in accordance with the Accounting Principles, be treated as a balance sheet liability;
- (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 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*).

**“Financial Statements”** means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated reports of the Group or the quarterly interim unaudited unconsolidated reports of the Issuer, which shall be prepared and made available according to paragraphs (a) and (b) of Clause 12.13.1 (*Information undertakings*).

**“First Call Date”** means the date falling twenty-four (24) months after the First 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 11 February 2021.

**“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”**).

**“Incentive Programme”** means the Issuer’s performance-based long-term incentive programme in force from time to time and as duly approved by the annual general meeting of the Issuer, under which programme participants are granted, subject to the conditions for such allotment are fulfilled, (i) performance-based share awards, and (ii) performance-based employee stock options, both entitling to conversion into ordinary shares in the Issuer.

**“Incurrence Test”** means the ratios specified in Clause 11.3 (*Incurrence Test*).

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

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“**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 11 February, 11 May, 11 August and 11 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 11 May 2021 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) plus 375 basis points *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**” ABG Sundal Collier ASA, reg. no. 883 603 362, Munkedamsveien 45, N-0205 Oslo, Norway or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Listing Failure**” shall be deemed to have occurred if:

- (a) the Initial Bonds have not been admitted to trading on the corporate bond list of Nasdaq Stockholm or any other Regulated Market within sixty (60) calendar days after the First Issue Date; or
- (b) any Subsequent Bonds have not been admitted to trading on the relevant Regulated Market within sixty (60) days after the relevant Issue Date.

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

“**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:

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

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**“Material Group Company”** means:

- (a) the Issuer; and
- (b) 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 Statements.

**“Nasdaq Stockholm”** means the Regulated Market of Nasdaq Stockholm AB (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 Statements, 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 Statements or per the relevant testing date if measured in relation to the Incurrence Test, in accordance with the Accounting Principles.

**“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, and as regards the Net Proceeds from the Initial Bond Issue which shall be transferred to the Escrow Account and used in accordance with Clause 4 (*Use of proceeds*).

**“Nominal Amount”** has the meaning set forth in Clause 2.3.

**“Novo”** means Novo Holding A/S (reg. no. 24257630).

**“Permitted Basket”** has the meaning set forth in paragraph (n) 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) incurred under the Incentive Programme;
- (d) related to any agreements under which a Group Company leases (i) office space (Sw. *kontorshyresavtal*) or other premises and (ii) cars and other equipment, provided that such Financial Indebtedness set out in items (i) and (ii) are incurred in the ordinary course of such Group Company’s business;
- (e) taken up from a Group Company;
- (f) arising under a derivative transaction entered into by a Group Company in connection with protection against or benefit from fluctuation in any rate or price



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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**”);

- (g) 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;
- (h) arising under any rebate payments to be made to insurance companies in relation to the Group’s sold pharmaceutical, provided that, in each case, such amount is paid to the insurance company no later than six (6) months from the pharmaceutical being sold and the end consumer receiving the pharmaceutical;
- (i) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (as applicable) (taking into account the rules and regulations of the CSD), for the purpose of securing, *inter alia*, the redemption of the Bonds;
- (j) incurred in the ordinary course of business under Advance Purchase Agreements;
- (k) 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;
- (l) of the Group under any pension and tax liabilities incurred in the ordinary course of business;
- (m) incurred under a credit facility for working capital purposes, in an aggregate amount not at any time exceeding SEK 50,000,000 and incurred in the ordinary course of the Group’s business (the “**Working Capital Facility**”); and
- (n) not permitted by paragraphs (a) to (m) 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 respect of the Existing Bonds;
- (c) provided in relation to (i) any agreement under which a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises and (ii) cars and other equipment, provided such leases constitutes Permitted Debt;

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- (d) 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);
  - (e) provided in relation to a Derivative Transaction in the form of guarantees from other Group Companies or Cash or Cash Equivalents;
  - (f) 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 (g) 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;
  - (g) provided in connection with a redemption of the Bonds in full and constituting a first priority pledge over a bank account in the name of the Issuer for the purpose of securing, *inter alia*, the redemption of the Bonds; and
  - (h) 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:

- (a) in relation to an Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or in respect of the first Interest Period, two (2) Business Days before the First Issue Date); or
- (b) 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:

- (a) an Interest Payment Date;
- (b) a Redemption Date;
- (c) a date on which a payment to the Bondholders is to be made under Clause 17 (*Distribution of proceeds*);
- (d) the date of a Bondholders’ Meeting;
- (e) 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.

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“**Redemption Date**” means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 10 (*Redemption and repurchase of the Bonds*).

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

“**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 any 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 2014/65/EC on markets in financial instruments (MiFID II), as amended).

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

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

“**Securities Account**” means the account for dematerialised securities (Sw. *avstämningsregister*) maintained by the CSD pursuant to the Financial Instruments Accounts Act in which an owner of such securities is directly registered or 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 Stockholm interbank offered rate (STIBOR) administered by the Swedish Financial Benchmark Facility (or the replacing administrator or calculation agent) for the offering of deposits in Swedish Kronor and for a period equal to the relevant Interest Period, as displayed on page STIBOR= of the Thomson Reuters screen (or through such other system or on such other page as replaces the said system or page) as of or around 11.00 a.m. on the Quotation Day;
- (b) if no rate as described in paragraph (a) above is available for the relevant Interest Period, the rate determined by the Issuing Agent (rounded upwards to four decimal places) by interpolation between the two closest rates displayed on the on page STIBOR= of the Thomson Reuters screen (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; or
- (c) if no rate as described in paragraph (a) and/or (b) above is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by the Reference Banks, for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to paragraphs (a) and (b) above and no quotation is available to paragraph (c) above, the interest rate which according to the

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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 after the First Issue Date on one or more occasions.

“**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:

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

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

“**Transaction Costs**” means all fees, costs and expenses incurred by a Group Company (including any fees payable by the Issuer to the sole bookrunner for the services provided in relation to the placement and issuance of the Bonds) in connection with:

- (a) the Initial Bond Issue or a Subsequent Bond Issue;
- (b) the repayment of the Existing Bonds; and
- (c) the admission to trading of the Bonds (or any Subsequent Bonds) on Nasdaq Stockholm.

“**Working Capital Facility**” has the meaning set forth in paragraph (m) 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;

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- (c) a “**regulation**” includes any law, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
  - (d) a provision of regulation is a reference to that provision as amended or re-enacted; and
  - (e) a time of day is a reference to Stockholm time.
- 1.2.2 An Event of Default is continuing if it has not been remedied or waived.
- 1.2.3 When ascertaining whether a limit or threshold specified in SEK has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (*Sw. Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.
- 1.2.4 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- 1.2.5 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.
- 1.2.6 The selling and distribution restrictions and the privacy statement contained in this document before the table of contents do not form part of the Terms and Conditions and may be updated without the consent of the Bondholders and the Agent (save for the privacy statement insofar it relates to the Agent).

## **2 THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS**

- 2.1 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 2.2 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.
- 2.3 The aggregate amount of the bond loan will be an amount of up to SEK 1,000,000,000, which will be represented by Bonds, each at the nominal amount of SEK 1,250,000 (the “**Nominal Amount**”), or full multiples thereof.
- 2.4 The total Nominal Amount of the Bonds issued in the Initial Bond Issue is SEK 500,000,000. 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 Nominal Amount.
- 2.5 The ISIN for the Bonds is SE0015193958.
- 2.6 The minimum permissible investment in connection with the Initial Bond Issue is SEK 1,250,000, and integral multiples thereof.

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- 2.7 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 1,000,000,000 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);
  - (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; and
  - (c) the Issuer provides the Agent with a Compliance Certificate confirming (a) and (b) above.
- 2.8 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.
- 2.9 The price of Subsequent Bonds may be set at the Nominal Amount, at a discount or at a higher price than the Nominal Amount.

### **3 STATUS OF THE BONDS**

The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer (except for obligations mandatorily preferred by regulation applying to companies generally) 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 the disbursement of the Net Proceeds is made and for the purpose of securing that the Net Proceeds will be used by the Issuer in accordance with the Clause 4.2 (*Use of Proceeds*), the Escrow Account will be pledged in favour of the bondholders under the Existing Bonds (represented by the Agent). 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 and acquisitions.
- 4.3 The proceeds from any Subsequent Bond Issue shall be used for general corporate purposes and acquisitions.

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## **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 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.
- 5.7 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 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

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have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the 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 carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Agent does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 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 obtain information from the debt register kept by the CSD 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 other authorisation from the Bondholder or, if applicable, a coherent chain of powers of attorney or authorisations, a certificate from the authorised nominee or other sufficient authorisation for such Person.
- 7.2 A Bondholder may issue one or several powers of attorney or other authorisations 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.
- 7.3 The Agent shall only have to examine the face of a power of attorney or other authorisation that has been provided to it pursuant to Clauses 7.1 and 7.2 and may assume that such document 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 or the Agent has actual knowledge to the contrary.
- 7.4 These Terms and Conditions shall not affect the relationship between a Bondholder who is the nominee (Sw. *förvaltare*) with respect to a Bond and the owner of such Bond, and it is the responsibility of such nominee to observe and comply with any restrictions that may apply to it in this capacity.



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

- 8.1 Any payment or repayment under these Terms and Conditions 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 Record 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. 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, public levy or similar.

## **9 INTEREST**

- 9.1 The Bonds issued in the Initial Bond Issue will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the First Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Interest Payment Date falling immediately prior to its Issue Date (or the First Issue Date if there is no such Interest Payment Date) 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

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higher than the Interest Rate. The 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 AND REPURCHASE OF THE BONDS**

### **10.1 Redemption at maturity**

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

### **10.2 Purchase of Bonds by Group Companies**

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

### **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 before the Final Redemption Date. Each Bonds shall be redeemed at the applicable Call Option Amount together with accrued but unpaid Interest.
- 10.3.2 For the purpose of calculating the amount of the remaining interest payments pursuant to paragraph (a) of the definition of Call Option Amount, it shall be assumed that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant Record Date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.
- 10.3.3 Redemption in accordance with Clauses 10.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date. Such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent that shall be fulfilled prior to the Record Date. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer shall redeem the Bonds in full at the applicable amount on the specified Redemption Date.

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

10.4.1 Upon the occurrence of a Change of Control, De-listing or Listing Failure each Bondholder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 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 a notice from the Issuer

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of the Change of Control, De-listing or Listing Failure (as applicable) pursuant to Clause 12.13.1 (f). The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Change of Control, De-listing or Listing Failure.

- 10.4.2 The notice from the Issuer pursuant to Clause 12.13.1(f) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 12.13.1 (f). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 10.4.1.
- 10.4.3 The Issuer shall comply with the requirements of any applicable securities regulations in connection with the repurchase of Bonds. To the extent that the provisions of such regulations conflict with the provisions in this Clause 10.4, the Issuer shall comply with the applicable securities regulations and will not be deemed to have breached its obligations under this Clause 10.4 by virtue of the conflict.
- 10.4.4 The Issuer shall not be required to repurchase any Bonds pursuant to this Clause 12.4, if a third party in connection with the occurrence of a Change of Control, a De-listing or a Listing Failure offers to purchase all Bonds in the manner and on the terms set out in this Clause 12.4 (or on terms more favourable to the Bondholders) and purchases all Bonds validly tendered in accordance with such offer. If the Bonds tendered are not purchased within the time limits stipulated in this Clause 12.4, the Issuer shall repurchase any such Bonds within five (5) Business Days after the expiry of the time limit.
- 10.4.5 Any Bonds repurchased by the Issuer pursuant to this Clause 10.4 may at the Issuer's discretion be retained or sold, but not cancelled, except in connection with a redemption of the Bonds in full.

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

- 10.5.1 If the Conditions Precedent for First Disbursement have not been fulfilled on or before sixty (60) calendar days following the First Issue Date (unless being waived by the Agent), 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.
- 10.5.2 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.

## **10.6 Early voluntary total redemption due to illegality (call option)**

- 10.6.1 The Issuer may redeem all, but not some only, of the outstanding Bonds at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest on a

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Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.

10.6.2 The applicability of Clause 11.6.1 shall be supported by a legal opinion issued by a reputable law firm.

10.6.3 The Issuer may give notice of redemption pursuant to Clause 11.6.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse). The notice from the Issuer is irrevocable, shall specify the Redemption Date and also the Record Date on which a Person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. The Issuer shall redeem the Bonds in full at the applicable amount on the specified Redemption Date.

## **11 FINANCIAL UNDERTAKINGS**

### **11.1 Maintenance Test**

11.1.1 The Issuer shall procure that:

- (a) Cash and Cash Equivalents of the Group at all times is at least SEK 50,000,000; and
- (b) the ratio of Net Interest Bearing Debt to EBIT US Pharma is less than two (2.00).

11.1.2 The Maintenance Test shall be tested quarterly on the basis of the interim report for the period covered by the relevant Reference Date on the basis of the Compliance Certificate delivered in connection therewith. The first test date for the Maintenance Test shall be 31 March 2021.

### **11.2 Equity Cure**

11.2.1 If, within sixty (60) calendar days of the delivery of a Compliance Certificate, evidencing a breach of paragraph (b) set out in the Maintenance Test in Clause 11.1.1, the Issuer has received an equity injection in cash by way of a share issue in the Issuer or an unconditional shareholder contribution to the Issuer in a sufficient amount to ensure compliance with item (b) in the Maintenance Test (the “**Cure Amount**”), no Event of Default will occur.

11.2.2 Upon receipt of the Cure Amount, the calculation of item (b) in the Maintenance Test shall, for the purpose of item (b) in the Maintenance Test only, be adjusted by increasing EBIT US Pharma by an amount equal to the Cure Amount. Any Equity Cure made in any calendar quarter shall be included until such time as that calendar quarter falls outside the Relevant Period. Any Equity Cure must be made in cash to the Issuer and no more than two (2) Equity Cures may be made over the lifetime of the Bonds. Equity Cures may not be made in respect of consecutive calendar quarters.

### **11.3 Incurrence Test**

11.3.1 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 11.4 to 11.5 below.

11.3.2 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.

#### **11.4 Calculation of the Incurrence Test**

- 11.4.1 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.
- 11.4.2 The Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but (i) 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), and (ii) exclude any Financial Indebtedness refinanced with new Financial Indebtedness, *pro forma*.
- 11.4.3 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 Statement.

#### **11.5 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 Statement 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.

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## 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 (other than in connection with the Incentive Programme);
- (iii) redeem its share capital or other restricted equity with repayment to shareholders;
- (iv) repay principal or pay interest under any shareholder loans; or
- (v) 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;

(items (i) to (v) 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 Admission to trading

The Issuer shall procure that, without prejudice to the rights of any Bondholder pursuant to Clause 10.4 (*Mandatory repurchase due to Change of Control, De-listing and Listing Failure*) that:

- (i) the Bonds issued under the Initial Bond Issue are admitted to trading on the corporate bond list of Nasdaq Stockholm, or if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within six (6) months after the First Issue Date; and
- (ii) any Subsequent Bonds are admitted to trading on the Relevant Market within six (6) months after the Issue Date of the relevant Subsequent Bonds.

## 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.

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#### **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 Loans out**

The Issuer shall not, and shall procure that none of its Subsidiaries, provide any loan to any party other than to another Group Company.

#### **12.7 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.

#### **12.8 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).

#### **12.9 Maintenance Test**

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

#### **12.10 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.

#### **12.11 Compliance with laws etcetera**

The Issuer shall, and shall procure that the Subsidiaries:

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- (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, renew 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.

## **12.12 Merger and demergers**

- (i) The Issuer shall not enter into any amalgamation, demerger, merger or formal reconstruction (*Sw. rekonstruktion*).
- (ii) The Issuer shall procure that no other Group Company will enter into any amalgamation, demerger, merger or reconstruction, unless the transaction (taken as a whole also taking into account any transaction ancillary or related thereto) 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.

## **12.13 Information undertakings**

### **12.13.1 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), 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), to the Agent and on its website not later than two (2) months after the expiry of each relevant interim period;
- (c) procure that each of the financial statements set out in (a) and (b) above include a profit and loss account and a balance sheet and that each of the consolidated financial statements, in addition, include a cash flow statement and a management commentary or report from the Issuer's board of directors;
- (d) issue a Compliance Certificate to the Agent (i) in connection with publishing a Financial Statement, (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;
- (e) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website;
- (f) promptly notify the Agent (and, as regards a Change of Control, a De-Listing or a Listing Failure, the Bondholders) upon becoming aware of (i) the occurrence of a Change of Control, De-Listing, Listing Failure or an Event of Default (or any event or circumstance which would (with the expiry of a grace period, the giving of notice,



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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;

- (g) prepare the Financial Statements 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
- (h) 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.

12.13.2 The Issuer shall notify the Agent of any transaction referred to in Clause 12.8 (*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.

## **12.14 Agent Agreement**

12.14.1 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.

12.14.2 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.

## **12.15 CSD related undertakings**

The Issuer shall keep the Bonds affiliated with a CSD and comply with all CSD Regulations.

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

- 13.1 The Issuer shall provide to the Agent, no later than 11.00 a.m. two (2) Business Days prior to the First Issue Date (or such later time as agreed by the Agent), the following documents:
- (a) copies of constitutional documents of the Issuer;
  - (b) copies of necessary corporate resolutions (including authorisations) of the Issuer;
    - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party;
    - (ii) authorising a specified person or persons to execute the Finance Documents on its behalf; and
    - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party;
  - (c) duly executed copies of the Finance Documents, and as regards the Escrow Account Pledge Agreement, together with all documents and evidences to be delivered pursuant to that agreement.
- 13.2 The Agent shall confirm to the Issuing Agent without delay when the conditions set out above have been satisfied (or amended or waived in accordance with the Terms and Conditions). The First Issue Date shall not occur unless the Agent makes such confirmation to the Issuing Agent no later than 11.00 a.m. one (1) Business Day prior to the First Issue Date as regards items (a)–(c) in Clause 13.1 above, provided however that the Issuing Agent and the Issuer may agree to postpone the First Issue Date.
- 13.3 Following receipt by the Issuing Agent of the confirmations referred to above, the Issuing Agent shall settle the issuance of the Initial Bonds and pay the Net Proceeds of the Initial Bond Issue to the Escrow Account on the First Issue Date.
- 13.4 The Agent shall ensure that it receives evidence satisfactory to it that Finance Documents which are required to be delivered to the Agent are duly authorized and executed (as applicable). The Issuer shall promptly upon request provide the Agent with such documents and evidence as the Agent reasonably considers necessary for this purpose. Other than as set out above, the Agent shall neither be liable to the Issuer or the Bondholders for damage due to any documents and information delivered to the Agent not being accurate, correct and complete, unless it has actual knowledge to the contrary, nor be liable for the content, validity, perfection or enforceability of such documents.

### **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 being received by the Agent (such disbursement to occur no earlier than one (1) Business Day prior to the redemption date of the Existing Bonds, unless otherwise agreed with the Agent for technical reasons and provided that the conditions set out in (a) and (b) below being satisfied:

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- (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 The Agent may assume that the documentation and evidence delivered to it is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not review the documents and evidence referred to above from a legal or commercial perspective of the Bondholders.

## **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 acquisitions 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 shall, if made by several Bondholders, be made by them jointly) or following an instruction or decision pursuant to Clause 16.4 or Clause 16.6, on behalf of the Bondholders and by notice to the Issuer 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

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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;

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- (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) **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;
- (h) **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
- (i) **Cessation 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 set out in Clause 12.12 (*Merger and demerger*) or (ii) a permitted disposal as stipulated in Clause 12.8 (*Disposals of assets*) and provided, in relation to the cessation of business by a Group Company other than the Issuer, that such cessation has a Material Adverse Effect.
- 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) and (g), 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 The Agent may not terminate the Bonds in accordance with Clause 16.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, in accordance with these Terms and Conditions, to waive such Event of Default (temporarily or permanently). However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the grounds mentioned under Clause 16.1.
- 16.4 The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received notice of or gained actual knowledge of that an Event of Default has occurred and is continuing. Notwithstanding the aforesaid, the Agent may postpone a notification of an Event of Default (other than in relation to paragraph (a) Clause 16.1 (*Non-payment*)) up until the time stipulated in Clause 16.5 for as long as, in the reasonable opinion of the Agent such postponement is in the interests of the Bondholders as a group. The Agent shall always be entitled to take the time necessary to determine whether an event constitutes an Event of Default.
- 16.5 The Agent shall, within twenty (20) Business Days of the date on which the Agent received notice of or otherwise gained actual knowledge of that an Event of Default has occurred and

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

- 16.6 If the Bondholders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 18 (*Decisions by Bondholders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Bondholders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.
- 16.7 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.
- 16.8 If the right to terminate the Bonds is based upon a decision of a court of law, an arbitral tribunal or a government authority, it is not necessary that the decision has become enforceable under any applicable regulation or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 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 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 in accordance with the Agent Agreement and the Finance Documents;
  - (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights as may have been incurred by the Agent;

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- (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 constitute escrow funds (*Sw. redovisningsmedel*) according to the Escrow Funds Act (*Sw. lag (1944:181) om redovisningsmedel*) and must be held on a separate bank account on behalf of the bondholder under the Existing Bonds and the other interested parties. The Agent shall arrange for payments of such funds 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 ten (10) 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 shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to these Terms and Conditions 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.

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- 18.3 The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if 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 the suggested decision is not in accordance with applicable regulations.
- 18.4 The Agent shall not be responsible for the content of a notice for a Bondholders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.
- 18.5 Should the Agent not convene a Bondholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 18.3 being applicable, the Person requesting a decision by the Bondholders may convene such Bondholders' Meeting or instigate such Written Procedure, as the case may be, itself. If the requesting Person is a Bondholder, the Issuer shall upon request from such Bondholder provide the Bondholder with necessary information from the Debt Register in order to convene and hold the Bondholders' Meeting or instigate and carry out the Written Procedure, as the case may be. If no Person has been appointed by the Agent to open the Bondholders' Meeting, the meeting shall be opened by a Person appointed by the requesting Person.
- 18.6 Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 19.1 or instigate a Written Procedure by sending communication in accordance with Clause 20.1. 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. The Issuer shall inform the Agent before a notice for a Bondholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and supply to the Agent a copy of the dispatched notice or communication.
- 18.7 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 Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (b) on the Business Day specified in the communication pursuant to Clause 20.2, 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.
- 18.8 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 20.2:
- (a) waive a breach of or amend an undertaking set out in Clause 12 (*Special undertakings*);



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- (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 18.8 or Clause 18.9.
- 18.9 Any matter not covered by Clause 18.8 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 20.2. 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), (c) or (d), a termination of the Bonds.
- 18.10 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Bondholders' Meeting or the Agent in a Written Procedure, will prevail. The chairman at a Bondholders' Meeting shall be appointed by the Bondholders in accordance with Clause 18.9.
- 18.11 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.
- 18.12 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 18.11 shall not apply to such second Bondholders' Meeting or Written Procedure.
- 18.13 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.
- 18.14 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.
- 18.15 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

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for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.

- 18.16 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.
- 18.17 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.
- 18.18 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.
- 18.19 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 The notice pursuant to Clause 19.1 shall include:
- (a) time for the meeting;
  - (b) place for the meeting;
  - (c) an agenda for the meeting (including each request for a decision by the Bondholders);
  - (d) a form of power of attorney; and
  - (e) should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting.

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- 19.3 The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 19.4 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.
- 19.5 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 A communication pursuant to Clause 20.1 shall include:
- (a) each request for a decision by the Bondholders;
  - (b) a description of the reasons for each request;
  - (c) a specification of the Business Day on which a Person must be registered as a Bondholder in order to be entitled to exercise voting;
  - (d) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney;
  - (e) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 20.1); and
  - (f) if the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 20.3 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, and without Clause 18.3 being applicable, 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 for the purpose to instigate and carry out the Written Procedure.

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20.4 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clause 18.8 and 18.9 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 18.8 or 18.9, 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 in writing to amend the Finance Documents or waive any provision in a Finance Document, provided that the Agent is satisfied that such amendment or waiver:

- (a) is not detrimental to the interest of the Bondholders,
- (b) is made solely for the purpose of rectifying obvious errors and mistakes;
- (c) is required by applicable regulation, a court ruling or a decision by a relevant authority;
- (d) is necessary for the purpose of having the Bonds admitted to trading 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
- (e) has been duly approved by the Bondholders in accordance with Clause 18 (*Decisions by Bondholders*) and it has received any conditions precedent specified for the effectiveness of the approval of the Bondholders.

21.2 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.

21.3 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 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.

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- 22.1.2 Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (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. 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.
- 22.2.2 When acting pursuant to the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent is never acting as an advisor to the Bondholders or the Issuer. Any advice or opinion from the Agent does not bind the Bondholders or the Issuer.
- 22.2.3 When acting pursuant to the Finance Documents, the Agent shall carry out its duties with reasonable care and skill in a proficient and professional manner.
- 22.2.4 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 as a group 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.
- 22.2.5 The Agent is always entitled to delegate its duties to other professional parties and to engage external experts when carrying out its duties as agent, without having to first obtain any consent from the Bondholders or the Issuer. The Agent shall however remain liable for any actions of such parties if such parties are performing duties of the Agent under the Finance Documents.
- 22.2.6 The Issuer shall on demand by the Agent pay all costs for external experts engaged by it:
- (a) after the occurrence of an Event of Default;
  - (b) for the purpose of investigating or considering:
    - (i) an event or circumstance which the Agent reasonably believes is or may lead to an Event of Default; or

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- (ii) a matter relating to the Issuer or the Finance Documents which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents;
  - (c) in connection with any Bondholders' Meeting or Written Procedure;
  - (d) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents.

Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 17 (*Distribution of proceeds*).

- 22.2.7 The Agent shall, as applicable, 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.
- 22.2.8 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor:
- (a) whether any Event of Default has occurred;
  - (b) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents; or
  - (c) whether any other event specified in any Finance Document has occurred.

Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

- 22.2.9 The Agent shall review each Compliance Certificate delivered to it to determine that it meets the requirements set out in Schedule 1 and as otherwise agreed between the Issuer and the Agent. The Issuer shall promptly upon request provide the Agent with such information as the Agent reasonably considers necessary for the purpose of being able to comply with this Clause 22.2.9.
- 22.2.10 The Agent shall ensure that it receives evidence satisfactory to it that Finance Documents which are required to be delivered to the Agent are duly authorised and executed (as applicable). The Issuer shall promptly upon request provide the Agent with such documents and evidence as the Agent reasonably considers necessary for the purpose of being able to comply with this Clause 22.2.10. Other than as set out above, the Agent shall neither be liable to the Issuer or the Bondholders for damage due to any documents and information delivered to the Agent not being accurate, correct and complete, unless it has actual knowledge to the contrary, nor be liable for the content, validity, perfection or enforceability of such documents.
- 22.2.11 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 regulation.

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- 22.2.12 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.
- 22.2.13 The Agent shall give a notice to the Bondholders 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 the Agent Agreement or if it refrains from acting for any reason described in Clause 22.2.12.
- 22.2.14 Upon the reasonable request by a Bondholder, the Agent shall promptly 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 shall upon request by a Bondholder disclose the identity of any other Bondholder who has consented to the Agent in doing so.
- 22.2.15 Subject to the restrictions of a non-disclosure agreement entered into by the Agent in connection with these Terms and Conditions, the Agent shall be entitled to disclose to the Bondholders any document, information, 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 (save for that any delay in disclosing an Event of Default, which event shall be governed by Clause 16.6).

### **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 or consequential 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 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.

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- 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 the Finance Documents.
- 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 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:
- (a) the earlier of the notice of resignation was given or the resignation otherwise took place; or
  - (b) the Agent was dismissed through a decision by the Bondholders,
- the Issuer shall within thirty (30) days thereafter appoint a successor Agent which shall be an independent financial institution or other reputable company with the necessary resources to act as agent in respect of Market Loans.
- 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 earlier of:



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(a) 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; and

(b) the period pursuant to paragraph (b) of Clause 22.4.4 having lapsed.

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 THE ISSUING AGENT**

23.1 The Issuer shall when necessary appoint 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. The Issuing Agent shall be a commercial bank or securities institution approved by the CSD.

23.2 The Issuer shall ensure that the Issuing Agent enters into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties relating to the Bonds.

23.3 The Issuing 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 gross negligence or wilful misconduct. The Issuing Agent shall never be responsible for indirect or consequential loss.

## **24 THE CSD**

24.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Bonds.

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 admission to trading of the Bonds 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*) and be authorised as a central securities depository in accordance with the Financial Instruments Accounts Act.

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## **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 22.2.11 such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 22.2.12 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 10.4 (*Mandatory repurchase due to a Change of Control, De-listing or Listing Failure (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

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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,;

- (a) in case of courier or personal delivery, when it has been left at the address specified in Clause 27.1.1;
- (b) 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
- (c) 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, 12.13.1 (f), 17.4, 18.19, 19.1, 20.1, 21.2 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, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes,

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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 Financial Instruments Accounts Act which provisions shall take precedence.

## **29 ADMISSION TO TRADING**

- 29.1 The Issuer shall use its reasonable endeavours to procure that the Initial Bonds are admitted to trading on the corporate bond list of Nasdaq Stockholm within thirty (30) calendar days after the First Issue Date and remain listed on such exchange.
- 29.2 The Issuer has in accordance with Clause 12.2 (Admission to trading of Bonds) undertaken to have the Initial Bonds admitted to trading within six (6) months after the First Issue Date on the corporate bond list of Nasdaq Stockholm (or, if such admission to trading is not possible to obtain or maintain, admitted to trading on any other Regulated Market within six (6) months after the First Issue Date). The Issuer shall ensure that the Bonds, once admitted to trading on a Regulated Market continue being listed thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

## **30 GOVERNING LAW AND JURISDICTION**

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

\* \* \*

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

Place:

OREXO AB (PUBL)  
as Issuer

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Name:

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

Place:

NORDIC TRUSTEE & AGENCY AB (PUBL)  
as Agent

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Name:

## Schedule 1

### Form of Compliance Certificate

#### COMPLIANCE CERTIFICATE

To: Nordic Trustee & Agency AB (publ) as Agent

From: Orexo AB (publ) as Issuer

Date: [date]

Dear Sir or Madam,

#### Orexo AB (publ)

#### Maximum SEK 1,000,000,000 senior unsecured callable floating rate bonds 2021/2025 with ISIN: SE0015193958 (the "Bonds")

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

#### [(2) Maintenance Test

This Compliance Certificate is furnished to you for the quarterly interim period [add period]. We confirm that the Maintenance Test, based on calculations of the Financial Statements for that period, is met and that:

- (i) Cash and Cash Equivalents of the Group is at least SEK 50,000,000; and
- (ii) the ratio of Net Interest Bearing Debt to EBIT US Pharma is [●] (i.e. less than two (2.00)).]

[To include calculations and figures for the Maintenance Test.]

#### [(3) Incurrence Test

This Compliance Certificate is furnished to you in connection with [the incurrence of new Financial Indebtedness or Restricted Payment that requires that the Incurrence Test is met]. The calculations have been made *pro forma* and subject to Clause 11.4 and 11.5 of the Terms and Conditions and we confirm that the Incurrence Test is met and that:

- (i) the ratio of Net Interest Bearing Debt to EBITDA is [●] (i.e. not greater than two (2.00)); and
- (ii) the Interest Coverage Ratio is [●] (i.e. exceeds four (4.00)).]

[To include calculations and figures for the Incurrence Test.]

We confirm, so far as we are aware, that no Event of Default is continuing<sup>9</sup>.

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<sup>9</sup> Or if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it.

**Orexo AB (publ)**

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Name:

*Authorised signatory*

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Name:

*Authorised signatory*

# 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)

## Sole Bookrunner

### ABG Sundal Collier AB

Regeringsgatan 25  
SE-111 53 Stockholm  
Sweden  
Tel: +46 (0)8-566 28 600  
Web page: [www.abgsc.com](http://www.abgsc.com)

## Agent

### Nordic Trustee & Agency AB (publ)

P.O. Box 7329  
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## 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)

## Central Securities Depository

### Euroclear Sweden AB

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SE-101 23 Stockholm  
Sweden  
Tel: +46 (0)8-402 90 00  
Web page: [www.euroclear.com](http://www.euroclear.com)

## Issuing Agent

### ABG Sundal Collier ASA

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## Auditor

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