

Proposal of the board of directors for a resolution on (A) implementation of Option Program 2023/2027 and (B) a directed issue of warrants and approval of transfer of warrants to fulfil the company's commitments under the option program and to secure social security charges

The board of directors proposes that the AGM resolves to implement an option program for key employees of the group – Option Program 2023/2027 – as set out below.

Background and reasons

Since 2018, the annual general meeting of the company has resolved on annually recurring incentive programs for the employees of the group, based on warrants or stock options issued to the participants. Following an evaluation, the remuneration committee has proposed to the board of directors, and the board of directors has now decided, to propose to the annual general meeting the implementation of a new incentive program based on stock options. The purpose of Option Program 2023/2027 is to reward long term commitments of key employees, to ensure that the company's long term value increase is reflected in the remuneration of the participants of the program, to contribute to the capability to recruit and retain competent employees and to otherwise increase shared incentives between key employees and the company's shareholders. Participation in the program will be offered to the employees which according to the board's assessment have the largest impact on the company's financial and operational development. The board of directors assesses that the aligned interests between the company and the participants which are created by the program are sufficient to promote the long-term value-creation of the company, which is why the program is not conditional upon any performance.

The board of directors intends to annually propose incentive programs.

In order to secure the company's commitments under Option Program 2023/2027 and the social security contributions connected therewith, the board of directors also proposes that the annual general meeting resolves on a directed issue of warrants and to approve the transfer of warrants in accordance with item B below.

Given the reasons set out above and the main terms and conditions set out below it is the opinion of the board of directors that the proposed Option Program 2023/2027 is reasonable and beneficial for the company and its shareholders.

(A) Proposal by the board of directors on resolution regarding implementation of Option Program 2023/2027

The board of directors proposes that the annual general meeting resolves to implement Option Program 2023/2027, according to the following main principles:

- a) Option Program 2023/2027 shall include issuance of no more than 580,000 stock options.
- b) Each stock option shall entitle the holder to subscribe for one new share in the company at a subscription price corresponding to 120 per cent of the volume weighted average transaction price (rounded off to the closest öre (SEK 0.01)) for the company's share on Nasdaq First North

Growth Market during the five trading days following the date of publication of the company's interim financial report for the first quarter of 2023. The subscription price and the number of shares for which each stock option entitles the holder to subscribe may be subject to recalculation pursuant to a bonus issue, share split, new issue with preferential rights and similar measures, whereby conventional terms and conditions for recalculation shall be applied.

- c) Option Program 2023/2027 participants shall comprise no more than 80 employees of the company and its subsidiaries.
- d) Stock options will be distributed in accordance with the following allotment categories (none of which have a minimum guaranteed allotment):
 - a. senior managers: not more than 25,000 stock options per person; and
 - b. certain other key employees of the group, who according to the assessment of the board of directors have the largest impact on the company's financial and operational performance: not more than 15,000 stock options per person.
- e) Allotted stock options shall be offered free of charge. Such offers shall be made within 10 banking days from the date the resolution on allotment is made. Over-allocation may not occur.
- f) 522,500 stock options are intended to be offered no later than on 15 June 2023. The remaining 57,500 stock options are intended to be retained by the company to be offered to employees who potentially are employed before 30 April 2024.
- g) Stock options which are allotted and subscribed for may be exercised by the holder during the 30 days following publication of the company's interim financial reports for the second quarter of 2026, the third quarter of 2026 and the first quarter of 2027, respectively. Holders who have been offered stock options after 15 June 2023 will only be able to exercise such stock options during the last of the periods mentioned above.
- h) The holder shall be entitled to exercise the stock options during the periods set out above, provided that the relevant holder at the date of exercise of the stock options (i) is employed by the company or by any other company within the group and (ii) has not given notice of resignation, received notice of dismissal (Sw. *avsked*) or received notice of termination from its employment in the company or in any company within the group due to personal reasons (Sw. *uppsägning av personliga skäl*). Holders who have been offered stock options after 15 June 2023 may only exercise the options after publication of the company's interim financial report for the first quarter of 2027.
- i) At exercise, each stock option will entitle the holder to receive one warrant immediately exercisable for one share in the company against payment of the subscription price.
- j) For participation in Option Program 2023/2027 it is required that such participation is legally possible, and that such participation in the board of directors' opinion is possible at reasonable administrative costs and with reasonable financial resources.
- k) Issued stock options do not constitute securities and may not be transferred, pledged or otherwise disposed of by the holder.
- l) The terms and conditions of the Option Program 2023/2027 may differ for certain participants due to the local laws and regulations of such participant's jurisdiction.
- m) In other respects, the board of directors shall establish the general terms for participation in the program.

(B) Directed issue of warrants and approval of transfer of warrants in order to fulfil the company's commitments under Option Program 2023/2027 and to secure social security charges

In order to enable the company's delivery of shares pursuant to Option Program 2023/2027 and to secure costs connected therewith, primarily social security charges, the board of directors proposes that the annual general meeting resolves on a directed issue of warrants and to approve the transfer of warrants on the following terms:

- (a) A maximum of 762,236 warrants shall be issued, entailing an increase in the share capital of a maximum of SEK 3,679.76 upon full exercise.
- (b) Right to subscribe shall, with deviation from the preferential right for existing shareholders, reside in the company's wholly owned subsidiary Paradox Development Studio AB.
- (c) Subscription of the warrants shall be made on a separate subscription list no later than 15 June 2023.
- (d) The warrants shall be issued free of charge.
- (e) Each warrant shall entitle the holder to subscribe for one new share.
- (f) Each warrant shall initially entitle the holder to subscribe for one new share in the company at a subscription price corresponding to 120 per cent of the volume weighted average transaction price (rounded off to the closest öre (SEK 0.01)) for the company's share on Nasdaq First North Growth Market during the five trading days following the date of publication of the company's interim financial report for the first quarter of 2023. The subscription price and the number of shares for which each warrant entitles the holder to subscribe may be subject to recalculation pursuant to a bonus issue, share split, new issue with preferential rights and similar measures, whereby conventional terms and conditions for recalculation shall be applied.
- (g) Subscription of shares in the company by virtue of the warrants shall be made during the 30 days following publication of the company's interim financial reports for the second quarter 2025, the third quarter 2026 and the first quarter 2027, respectively. The share premium shall be transferred to the unrestricted premium reserve.
- (h) Shares issued following exercise of warrants during a certain financial year shall entitle to dividend for the first time on the record day for dividend which occurs following registration of the shares with the Swedish Companies Registration Office.
- (i) The complete terms and conditions for the warrants are set out in "Terms and conditions for Paradox Interactive AB (publ)'s warrants 2023/2027".

The reason for the deviation from the shareholders' preferential right is that the issue forms part of the implementation of Option Program 2023/2027. In view of what is set forth under "*Background and reasons*" above, the board of directors is of the opinion that it is of benefit to the company and its shareholders that key employees of the group are offered to participate in Option Program 2023/2027.

The board of directors further proposes that the annual general meeting resolves to approve that Paradox Development Studio AB transfers warrants to participants in Option Program 2023/2027 and otherwise disposes of the warrants in order to secure the company's commitments and costs in connection with Option Program 2023/2027.

Finally, the board of directors proposes that the board of directors, or anyone appointed by the board of directors, should be authorised to make such minor adjustments to the above proposal that may be necessary in connection with the registration procedures with the Swedish Companies Registration Office, and possible registration of the warrants with Euroclear.

Costs

The Option Program 2023/2027 will incur costs for the company in reference partly to personnel costs from an accounting perspective in accordance with IFRS 2 and partly to social security contributions.

Based on the assumption of a share price at the time of allocation of the stock options of SEK 259.4, that all 580,000 stock options will be allotted no later than on 15 June 2023 and subsequently exercised, the personnel cost from an accounting perspective according to IFRS 2 for the Option Program 2023/2027 is estimated to amount to a total of approximately SEK 24.6 million recognized during the period 2023–2026. Tax effects should be determined locally. As an example, from a Swedish perspective a final assessment should be made at the time of exercise, implying that the company should make adjustments between the amount already recognised and the final market value that forms the basis for social security contributions. Personnel costs in accordance with IFRS 2 do not affect the company's cash flow. The stock options do not have a market value since they are not transferable. However, the board of directors has calculated a theoretical value of the stock options using the Black & Scholes valuation model. The calculations have been based on the term of the stock options, the subscription price, an assumed share price of SEK 259 per share at the time of allocation of the stock options, a risk-free interest rate of 2.6 percent, an assumed volatility of 35.3 percent, and an expected dividend of SEK 2 per year. In accordance with this valuation, the value of the options in the Option Program 2023/2027 is approximately SEK 42.45 per option.

Upon a positive development of the share price, the Option Program 2023/2027 will entail costs in form of social security contributions. The total costs for social security contributions will depend on the number of stock options that will be vested and on the value of the benefit that the participant finally will receive, i.e., on the value of the stock options when exercised, but also in which countries the participants are resident and what percentages that apply to social security contributions in these countries. The costs for social security contributions are estimated to approximately SEK 12.5 million, assuming allotment of 580,000 stock options, exercise of all the allotted stock options, that the average social security contribution amount to 31.42 percent, an exercise price of SEK 311.33, and an assumed share price of SEK 379.85 when the stock options are exercised. With the same assumptions except for instead a share price of SEK 453.77 when the stock options are exercised, the corresponding costs are estimated to approximately SEK 26.0 million. The costs for social security contributions will be recognised during the period from the grant date to the end of the vesting period. The company's entire cost for social security contributions is expected to be secured through the directed issue of warrants in accordance with item (B) above.

All of the calculations above are preliminary and aim only to present an example of the potential costs that the Option Program 2023/2027 may incur. Actual costs may therefore deviate from what has been stated above.

Dilution and effect on material key ratios

Option Program 2023/2027 comprises the issuance of maximum 762,236 warrants, of which 580,000 warrants are issued in order to fulfil the company's commitments towards the participants in the program and 182,236 warrants are issued in order to secure costs for social security charges. At full exercise of all issued warrants under Option Program 2023/2027 for subscription of new shares, 762,236 shares will be issued, corresponding to approximately 0.72 percent of the shares in the company.

The company has an outstanding warrant program which was adopted at the annual general meeting held on 15 May 2020 ("Option Program 2020/2023"), an outstanding employee stock option program which was adopted on the annual general meeting held on 18 May 2021 ("Option Program 2021/2025") and an outstanding employee stock option program which was adopted by the annual general meeting held on 10 May 2022 ("Option Program 2022/2026"). A total of 292,600 warrants are outstanding under Option Program 2020/2023. Each such warrant entitles the holder to subscribe for one new share in the company during the period from 15 June 2023 to 30 June 2023. A total of 398,663 warrants are outstanding under Option Program 2021/2025, which corresponds to the total number of stock options issued is the program, less the number of stock option which have lapsed since the holder no longer fulfils the prerequisites for exercising the stock options as well as the warrants issued to cover the social fees relating to such now lapsed options. Each such warrant entitles its holder to subscribe for one new share in the company during the 30 days following the publication of the company's interim financial report for the second quarter of 2024, the third quarter of 2024 and the first quarter of 2025. A total of 660,386 warrants are outstanding under Option Program 2022/2026, which corresponds to the total number of stock options issued is the program, less the number of stock option which have lapsed since the holder no longer fulfils the prerequisites for exercising the stock options as well as the warrants issued to cover the social fees relating to such now lapsed options. Each such warrant entitles its holder to subscribe for one new share in the company during the 30 days following the publication of the company's interim financial report for the second quarter of 2025, the third quarter of 2025 and the first quarter of 2026. If all outstanding warrants issued within the scope of Option Program 2020/2023, Option Program 2021/2025 and Option Program 2022/2026 are exercised for subscription of shares in the company, 1,351,649 shares will be issued, corresponding to approximately 1.28 percent of the shares in the company.

If all warrants issued under Option Program 2020/2023, Option Program 2021/2025 and Option Program 2022/2026 are exercised for subscription of shares and if all warrants proposed to be issued within the scope of the Option Program 2023/2027 are issued and exercised for subscription of shares, a total of 2,113,885 shares will be issued, corresponding to approximately 2.00 percent of the shares in the company.

The material key ratios for the group's business are the group's equity ratio (Sw. *soliditet*) and net margin (Sw. *nettomarginal*). By applying the above assumptions when estimating personnel costs from an accounting perspective in accordance with IFRS 2 and costs for social security contributions, it is the board of director's opinion that the effect of Option Program 2023/2027 on said key ratios is marginal.

Preparation

The proposal for Option Program 2023/2027 has been prepared by the board of directors in consultation with external advisers. The proposal has been unanimously adopted by the board of directors.

Majority requirements

The board of directors' proposal with respect to Option Program 2023/2027 and the board of directors' proposal for a directed issue and transfer of not more than 762,236 warrants is a cohesive proposal, why a resolution in accordance with one of the partial proposals shall be conditional upon a resolution in accordance with the other partial proposal and that Chapter 16 of the Companies Act shall be applied on the cohesive proposal. A valid resolution in accordance with the board of director's proposal requires that it is supported by shareholders representing at least nine tenths of both the number of votes cast and the shares represented at the meeting.

Stockholm in April 2023

Paradox Interactive AB (publ)

The Board of Directors

TERMS AND CONDITIONS FOR PARADOX INTERACTIVE AB (PUBL)'S WARRANTS 2022/2026

1 DEFINITIONS

In these terms and conditions, the following terms shall have the meanings stated below:

"banking day"	any day which is not a Sunday or other public holiday, or which, with respect to payment of notes, is not equated with a public holiday in Sweden;
"company"	Paradox Interactive AB (publ), company registration number 556667-4759;
"Euroclear"	Euroclear Sweden AB or another central securities depository;
"listing"	listing of a share in the company on a regulated market or multilateral trading facility within the European Economic Area or a corresponding marketplace for financial instruments outside the European Economic;
"share"	a share in the company;
"subscription"	such subscription for new shares exercised through a warrant as referred to in Chapter 14 of the Companies Act;
"subscription price"	the price at which subscription for new shares by exercising a warrant may take place; and
"warrant"	the right to subscribe for new shares in exchange for payment in cash in accordance with these terms and conditions.

2 WARRANTS

The total number of warrants shall be not more than 762,236. Upon request, the company shall issue a warrant certificate representing the number of warrants held by the holder.

3 SUBSCRIPTION

The holder shall be entitled to subscribe for one new share for each warrant during the 30 days following publication of the company's interim financial reports for the second quarter of 2026, the third quarter of 2026 and the first quarter of 2027, respectively, or up to and including such earlier date as may follow from section 7 below, at a subscription price corresponding to 120 per cent of the volume weighted average transaction price for the company's shares at Nasdaq First North during the 5 trading days following the date of publication of the company's interim financial report for the first quarter of 2023, however at least the quota value of the company's shares. The subscription price shall be rounded off to the closest öre (SEK 0.01).

As follows from section 7, recalculation of the subscription price and the number of shares to which each warrant entitles to subscribe may take place.

Subscription can only be made for a whole number of shares, to which the aggregate number of warrants entitle, that each holder of warrants wishes to exercise at the same time.

Notice of subscription shall be made through a written notice to the company, whereupon the entire number of shares the holder wishes to subscribe for shall be stated, and the warrant holder shall submit to the company a warrant certificate representing the number of warrants the holder wishes to exercise. Such application is binding and cannot be revoked. Where no notice of subscription is submitted within the term stated in the first paragraph, all rights under the warrants cease to apply.

4 PAYMENT

Simultaneously with the notice of subscription, payment in cash shall be made for the shares to which the subscription relates. Payment shall be made to a bank account designated by the company.

5 ENTRY IN THE SHARE REGISTER

Subscription for new shares shall be effected through the company ensuring the interim registration of the new shares on a central securities depository account. Following registration at the Swedish Companies Registration Office, the registration on a central securities depository account shall become final.

6 DIVIDENDS ON NEW SHARES

Shares which are newly issued following subscription shall carry an entitlement to participate in dividends for the first time on the next record date for dividends which occurs following registration of the shares with the Swedish Companies Registration Office.

7 RECALCULATION

In the situations referred to below, the following shall apply with respect to the rights which shall vest in holders of warrants:

- 7.1 In the event the company carries out a **bonus issue**, where subscription is made in such time that it cannot be effected by no later than the tenth workday prior to the general meeting at which a bonus issue resolution is to be adopted, subscription may be effected only after such a general meeting has adopted a resolution thereon. Shares which vest as a consequence of subscription effected following the bonus issue resolution shall be the subject of interim registration on a central securities depository account, and accordingly shall not be entitled to participate in the bonus issue. Final registration on a central securities depository account shall take place only after the record date for the bonus issue.

In the case of subscription which is effected following a bonus issue resolution, a recalculated subscription price shall be applied, as well as a recalculation of the number of shares to which each warrant provides an entitlement to subscribe. The recalculations shall be made by the company on the following formulae:

$$\text{recalculated subscription price} = \frac{\text{previous subscription price} \times \text{number of shares prior to the bonus issue}}{\text{number of shares after the bonus issue}}$$

$$\text{recalculated number of shares to which each warrant provides an entitlement to subscribe} = \frac{\text{previous number of shares to which each warrant provides an entitlement to subscribe} \times \text{the number of shares after the bonus issue}}{\text{number of shares prior to the bonus issue}}$$

The recalculated subscription price and recalculated number of shares in accordance with the provisions above shall be determined as soon as possible after the general meeting has adopted a bonus issue resolution but shall be applied only after the record date for the bonus issue.

7.2 In the case of a **reverse share split** or **share split** of the company's existing shares, the provisions in section 7.1 shall apply mutatis mutandis whereupon the record date shall be deemed to be the day on which a reverse share split or share split takes place at Euroclear, upon request by the company.

7.3 In the case of a **new issue** with pre-emption rights for the shareholders to subscribe for new shares, the following shall apply with respect to the right to participate in the new issue by virtue of shares which have vested as a consequence of subscription through the exercise of a warrant:

- (a) Where a new issue resolution is adopted by the company's board of directors subject to approval by the general meeting or pursuant to authorisation granted by the general meeting, the resolution shall state the date by which subscription must be effected in order that shares which vest as a consequence of subscription shall carry an entitlement to participate in the new issue. Such date may not occur earlier than on the tenth workday after the resolution.
- (b) Where the general meeting adopts a new issue resolution, in the event an application for subscription is made at such a time that the subscription cannot be effected no later than on the tenth workday prior to the general meeting which adopts the new issue resolution, subscription shall only be effected after the company has carried out recalculations in accordance with this section 7.3 third last paragraph. Shares which vest as a consequence of such subscription shall be the subject of interim registration on a central securities depository account, and consequently shall not be entitled to participate in the new issue.

In the event of subscription which is effected at such time that a right to participate in the new issue does not vest, a recalculated subscription price shall be applied, as well as a recalculation of the number of shares to which each warrant provides an entitlement to subscribe. The recalculations shall be made by the company based on the following formulae:

$$= \frac{\text{previous subscription price} \times \text{the share's average listed price during the subscription period established in the new issue resolution (the share's average price)}}{\text{number of shares after the bonus issue}}$$

recalculated subscription price		the share's average price increased by the theoretical value of the warrant calculated on the basis thereof
recalculated number of shares to which each warrant provides an entitlement to subscribe	=	$\frac{\text{previous number of shares to which each warrant provides an entitlement to subscribe} \times (\text{the share's average price increased by the theoretical value of the warrant calculated on the basis thereof})}{\text{the share's average price}}$

The share's average price shall be deemed to correspond to the average of the calculated mean values, for each trading day during the subscription period, of the highest and lowest transaction prices listed during the day in accordance with the official quotations on the marketplace. In the event no transaction price is quoted, the bid price which is quoted as the closing price shall instead be included in the calculation. Days on which neither a transaction price nor a bid price is quoted shall not be included in the calculation.

The theoretical value of the subscription right shall be calculated in accordance with the following formula:

value of the subscription right	=	$\frac{\text{the maximum number of shares which may be issued pursuant to the new issue resolution} \times (\text{the share's average price less the subscription for the new share})}{\text{the number of shares prior to adoption of the new issue resolution}}$
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Recalculation in accordance with the above shall be made without regard to shares owned by the company or subsidiaries of the company. Should a negative value be established herewith, the theoretical value of the warrant shall be determined to be zero.

The recalculated subscription price and the recalculated number of shares shall be determined by the company two banking days after the expiry of the subscription period and shall be applied to subscription for shares effected thereafter.

During the period pending determination of a recalculated subscription price and recalculated number of shares, subscription for shares shall be effected only on a preliminary basis, whereupon the number of shares to which each warrant provides an entitlement to subscribe prior to the recalculation shall be registered on an interim basis on a central securities depository account. In addition, it is specifically noted that, following recalculations, each warrant may carry an entitlement to additional shares. Final registration on the central securities depository account shall take place after the recalculations have been determined. In the event the company is not a central securities depository company, subscription shall be effected through the new shares being entered in the share register as interim shares. Final registration in the share register shall be made once the recalculations have been determined.

- 7.4 Where the company issues **warrants** or **convertible debentures** with pre-emption rights for the shareholders, the provisions of section 7.3 regarding the right to participate in a new issue by virtue of shares which vest through subscription shall apply mutatis mutandis.

In the event of subscription at such time that a right to participate in the issue does not vest, a recalculated subscription price and recalculated number of shares provided by each warrant shall be applied.

The recalculations shall be made by the company in accordance with the following formulae:

recalculated subscription price	=	$\frac{\text{previous subscription price} \times \text{the share's average listed price during the subscription period established in the resolution regarding the issue (the share's average price)}}{\text{the share's average price increased by the value of the subscription right}}$
recalculated number of shares to which each warrant provides an entitlement to subscribe	=	$\frac{\text{previous number of shares to which each warrant provides an entitlement to subscribe} \times (\text{the share's average price increased by the value of the subscription right})}{\text{the share's average price}}$

The share average price shall be calculated in accordance with section 7.3.

The value of the subscription right shall be deemed to correspond to the average of the calculated mean values, for each trading day during the subscription period, of the highest and lowest transaction prices listed during the day in accordance with the official quotations on the Marketplace. In the event no transaction price is quoted, the bid price which is quoted as the closing price shall instead be included in the calculation. Days on which neither a transaction price nor a bid price is quoted shall not be included in the calculation.

The recalculated subscription price and the recalculated number of shares shall be determined by the company two banking days after the expiry of the subscription period and shall be applied to subscription of shares effected thereafter.

In the event of subscription for shares effected during the period of time prior to determination of the recalculated subscription price and the recalculated number of shares, the provisions section 7.3 last paragraph above shall apply mutatis mutandis.

- 7.5 In the event the company, in circumstances other than those set forth in sections 7.1-7.4 above, extends an **offer to the shareholders** to, with pre-emption right under the principles of Chapter 13 Section 1 first paragraph of the Companies Act or the articles of association, acquire securities or rights of any kind from the company, or resolves to, in accordance with said principles, distribute such securities or rights without consideration (the offer), a recalculated subscription price and recalculated number of shares to which each warrant provides an entitlement to subscribe shall be applied. Recalculation shall be made by the company in accordance with the following formulae:

recalculated subscription price	=	$\frac{\text{Previous subscription price} \times \text{the share's average listed price during the application period established in the offer (the share's average price)}}{\text{The share's average price increased by the value of the right to participate in the offer (the purchase right value)}}$
recalculated number of shares to which each warrant provides an entitlement to subscribe	=	$\frac{\text{Previous number of shares to which each warrant provides an entitlement to subscribe} \times (\text{the share's average price increased by the purchase right value})}{\text{the share's average price}}$

The share's average price shall be calculated in accordance with section 7.3 above.

In the event the shareholders have received purchase rights and trading has taken place in such rights, the value of the right to participate in the offer shall be deemed to correspond to the purchase right value. The purchase right value shall herewith be deemed to correspond to the average of the calculated mean values, for each trading day during the application period, of the highest and lowest transaction prices listed during the day in accordance with the official quotations on the marketplace. In the event no transaction price is quoted, the bid price which is quoted as the closing price shall instead be included in the calculation. Days on which neither a transaction price nor a bid price is quoted shall not be included in the calculation.

In the event shareholders have not obtained purchase rights or such trading referred to in the preceding paragraph has not occurred for another reason, recalculation of the subscription price and the number of shares shall be made applying the principles set out in this section 7.5 as far as possible, whereupon the following shall apply. Where listing of the securities or rights offered to the shareholders occur, the value of the right to participate in the offer shall be deemed to correspond to the average of the calculated mean price of the highest and lowest transaction price for the share for each trading day during the 25 trading-day period commencing on the first day of listing for these securities or rights at the marketplace, reduced by the consideration paid for these in conjunction with the offer where applicable. In the absence of quoted transaction price the bid price which is quoted as the closing price shall instead be included in the calculations. Days on which neither a transaction price nor a bid price is quoted shall not be included in the calculation. For recalculation of the subscription price and the number of shares in accordance with this paragraph, said period of 25 trading days shall be deemed to correspond the notice period established in the offer under this section 7.5.

If listing of the securities or rights offered to the shareholders does not occur, the value of the right to participate in the offer shall as far as possible be determined taking into account the change in market value for the company's shares which may be deemed to have occurred as a result of the offer.

The recalculated subscription price and number of shares in accordance with the above shall be determined by the company as soon as possible after the value of the

right to participate in the offer have been determined and shall be applied for subscriptions effected after such determination has occurred.

In the event of subscription which is effected during the period of time until the recalculated subscription price and recalculated number of shares have been determined, the provisions in section 7.3 last paragraph above shall apply.

- 7.6 Where the company issues **warrants** or **convertible debentures** with pre-emption rights for the shareholders, the company is entitled to give all holders of warrants the same preferential rights which are conferred to the shareholders in accordance with the resolution. Thereby each holder of warrants, irrespective of subscription not being effected, shall be deemed owners of the number of shares which the holder of warrants would have obtained, had subscription been effected in accordance with the subscription price which applied at the time of the resolution on the issue.

In the event the company resolves to extend an offer referred to in section 7.5 to the shareholders, what is stated in the preceding paragraph shall apply mutatis mutandis, provided however that the number of shares the holder of warrants shall be deemed owner of in such case shall be determined in accordance with the subscription price which applied at the time of the resolution on the offer.

In the event the company resolves to give the holders of warrants preferential rights in accordance with the provisions of this section 7.6, recalculation of the subscription price and the number of shares each warrant entitles to subscribe in accordance with sections 7.3, 7.4 or 7.5 shall not take place.

- 7.7 In the event the company resolves to pay a **cash dividend** to the shareholders which, together with other dividends paid during the same financial year, exceeds 15 per cent of the share's average price during a period of 25 trading days immediately prior to the date upon which the board of directors of the company announces its intention to propose that the general meeting resolves upon such dividend, a recalculated subscription price and a recalculated number of shares shall apply to subscriptions made at such time that the shares received do not entitle the shareholder to receive such dividend. The recalculation shall be based on the portion of the total dividend exceeding 15 per cent of the share's average price during the abovementioned period (the "extraordinary dividend").

Recalculation shall be made by the company in accordance with the following formulae:

		previous subscription price x the share's average transaction price during a period of 25 trading-days commencing on the date the share was listed without a right to an extraordinary dividend (the share's average price)
recalculated subscription price	=	$\frac{\text{previous subscription price} \times \text{the share's average transaction price during a period of 25 trading-days commencing on the date the share was listed without a right to an extraordinary dividend (the share's average price)}}{\text{the share's average price increased by the value of the extraordinary dividend paid per share}}$
the recalculated number of shares to which each		previous number of shares to which each warrant provides an entitlement to subscribe $\times$ (the share's average price increased by the extraordinary dividend paid per share)

warrant provides an = the share's average price
entitlement to subscribe

The share's average price shall be deemed to correspond to the average of the calculated mean price of the highest and lowest transaction price for the share for each trading day during the respective 25 trading-day period in accordance with the official quotations on the marketplace. In the event no transaction price is quoted, the bid price which is quoted as the closing price shall instead be included in the calculation. Days on which neither a transaction price nor a bid price is quoted shall not be included in the calculation.

The recalculated subscription price and number of shares in accordance with the above shall be determined by the company two banking days after the expiry of the 25 trading-day period commencing on the date the share was listed without entitlement to an extraordinary dividend and shall be applied for subscriptions effected thereafter.

In the event of subscription which is effected during the period of time until the recalculated subscription price and recalculated number of shares have been determined, the provisions in section 7.3 last paragraph shall apply mutatis mutandis.

- 7.8 In the event of a **reduction in the share capital** with repayment to the shareholders, where such reduction is mandatory, a recalculated subscription price and a recalculated number of shares provided by each warrant shall be applied.

The recalculation shall be carried out by the company in accordance with the following formulae:

$$\begin{array}{lcl} \text{recalculated} & & \text{previous subscription price x the share's average listed} \\ \text{subscription price} & = & \text{price during a period of 25 trading days calculated} \\ & & \text{commencing on the day on which the shares were listed} \\ & & \text{without the right to participate in the repayment (the} \\ & & \text{share's average price)} \\ & & \text{the share's average price increased by the amount} \\ & & \text{repaid per share} \end{array}$$

$$\begin{array}{lcl} \text{recalculated number of} & & \text{previous number of shares to which each warrant} \\ \text{shares to which each} & = & \text{provides an entitlement to subscribe x (the share's} \\ \text{warrant provides an} & & \text{average price increased by the amount repaid per share)} \\ \text{entitlement to} & & \text{the share's average price} \\ \text{subscribe} & & \end{array}$$

The share's average price shall be calculated in accordance with section 7.3 above.

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

$$\text{calculated repayment amount per share} = \frac{\text{the actual amount repaid per redeemed share less the share's market value during a period of 25 trading days immediately preceding the day on which the share is listed not carrying an entitlement to participate in the reduction (the share's average price)}}{\text{the number of shares which form the basis of redemption of a share less 1}}$$

The share's average price shall be calculated in accordance with section 7.3.

The recalculated subscription price and the recalculated number of shares in accordance with the above shall be determined by the company two banking days after the expiry of the stated period of 25 trading days and shall be applied to subscriptions effected thereafter.

In conjunction with subscriptions which are effected during the period pending determination of a recalculated subscription price and recalculated number of shares, the provisions of section 7.3, final paragraph, shall apply mutatis mutandis.

In the event the company's share capital is to be reduced through redemption of shares with repayment to the shareholders and such reduction is not mandatory, or where the Company is to carry out a **buyback of its shares** - without a reduction in the share capital being involved - but where, in the company's opinion, in light of the technical structure and economic effects thereof, the measure is comparable to a mandatory reduction, a recalculation of the subscription price and number of shares to which each warrant provides an entitlement to subscribe shall be carried out applying, as far as possible, the principles stated in this section 7.8.

- 7.9 In the event the company effects a change in the accounting currency, entailing that the company's share capital shall be established in a currency other than SEK, the subscription price shall be recalculated in the same currency as the share capital, and thereupon be rounded off to two decimals. Such currency recalculation shall take place applying the exchange rate which was used to recalculate the share capital in conjunction with the change in currency.

A recalculated subscription price in accordance with the provisions above shall be determined by the company and shall be applied to subscriptions effected commencing the day on which the change in the accounting currency takes effect.

- 7.10 In the event the company carries out any measure as referred to in sections 7.1-7.5, 7.7 or 7.8 and where, in the company's opinion, in light of the technical structure of the measure or for any other reason, application of the prescribed recalculation formulae cannot take place or results in the financial compensation received by the holders being unreasonable, the company, provided that the company's board of directors gives written consent thereto, shall carry out a recalculation of the subscription price and the number of shares provided by each warrant in such manner as the board deems appropriate in order to obtain a reasonable result, provided however that such recalculation cannot result in a disadvantage to the holders of warrants.

7.11 In the determination of a recalculated subscription price in accordance with the above, the subscription price shall be rounded off to the nearest ten öre (SEK 0.10), whereby five öre (SEK 0.05) shall be rounded upwards and the number of shares be rounded off to two decimals. In the event that subscription price is determined in a currency other than SEK the subscription price shall, at recalculations as described above, instead be rounded off to two decimals.

7.12 In the event a shareholder (the majority shareholder), on its own or together with a subsidiary, owns shares representing such a part of all shares that the majority shareholder, in accordance with the applicable law, is entitled to commence a **buy-out procedure** of the remaining shares and the majority holder announces its intention to claim such buy-out, and in the event the last date for subscription in accordance with section 3 occurs after such intention has been announced, the company shall establish a new last date for claiming subscription (the expiry date). The expiry date shall occur within 60 days of the announcement of this intention.

After the expiry date has been determined, notwithstanding what is stated in section 3 regarding the earliest date for demanding subscription, holders of warrants are entitled to demand subscription until the last date. The company shall at latest four weeks prior to the expiry date remind the known holders of warrants through a written notice of this right as well as give information that subscription may not be demanded after the expiry date.

Where the majority holder has commenced a buy-out procedure and an agreement regarding the buy-out cannot be reached subscription may not, in accordance with Chapter 22, Section 26 paragraph 2 of the Companies Act, occur before the buy-out dispute has been decided through an award or decision which has become final. Where the subscription period in accordance with section 3 expires before such time or within three months thereafter, the holder of the warrant shall nevertheless be entitled to exercise the warrant during three months after the decision became final.

7.13 In the event a Swedish limited liability company owns all of the shares in the company, and the company's board of directors intends to prepare a **merger plan** pursuant to Chapter 23, Section 28 of the Companies Act, the company shall, in the event the final date for demanding subscription pursuant to section 3 above falls on a day after such intention is at hand, establish a new final date for demanding subscription (the expiry date). The expiry date shall be a day within 60 days of such intention being at hand or, where an announcement of such intention has occurred, from the announcement.

After the expiry date has been determined, notwithstanding what is stated in section 3 regarding the earliest date for demanding subscription, holders of warrants are entitled to demand subscription until the expiry date. The company shall at latest four weeks prior to the expiry date remind the known holders of warrants through a written notice of this right as well as give information that subscription may not be demanded after the last date.

7.14 In the event the general meeting approves a **merger plan** pursuant to Chapter 23, Section 15 of the Companies Act, or all shareholders of the participating companies sign such merger plan in accordance with paragraph four of said section, whereby the company is to be merged in another company, subscription may not be demanded thereafter.

Not later than two months prior to the company making a final determination with respect to the merger in accordance with the above, the known holders of warrants shall be given written notice of the intended merger. The notice shall contain information about the main content of the merger plan and information that subscription may not be effected after a final resolution regarding the merger has been taken or when the merger plan has been signed by the shareholders.

In the event the company gives notice of an intended merger in accordance with the above, holders of warrants shall, notwithstanding what is stated in section 3 regarding the earliest date for claiming subscription, be entitled to apply for subscription commencing on the date on which notice of the intended merger was given, provided that subscription can be effected not later than on the twentieth day prior to the date of the general meeting at which the merger plan is to be approved or prior to the date on which the shareholders sign the merger plan.

- 7.15 In the event the general meeting approves a **demerger plan** pursuant to Chapter 24, Section 17 of the Companies Act whereby the company shall be demerged through all of the company's assets and liabilities being taken over by one or more companies, subscription may not be demanded thereafter.

Not later than two months prior to the company making a final determination with respect to the demerger in accordance with the above, the known holders of warrants shall be given written notice of the intended demerger. The notice shall contain information about the main content of the demerger plan and information that subscription may not be effected after a resolution regarding the demerger has been taken or when the demerger plan has been signed by the shareholders.

In the event the company gives notice of an intended demerger in accordance with the above, holders of warrants shall, notwithstanding what is stated in section 3 regarding the earliest date for claiming subscription, be entitled to apply for subscription commencing on the date on which notice of the intended merger was given, provided that subscription can be effected not later than on the twentieth workday before the date of the general meeting at which the demerger plan is to be approved or before the date on which the shareholders sign the demerger plan.

- 7.16 In the event it is decided that the company shall enter into **liquidation**, subscription may not be demanded thereafter, irrespective of the grounds for liquidation. The right to demand subscription expires with the resolution, regardless of whether the decision has become final.

Not later than two months prior to the general meeting making a final determination with respect to voluntary liquidation, the known holders of warrants shall be given written notice of the intended liquidation. The notice shall contain information that subscription may not be effected after a resolution regarding the liquidation has been made by the general meeting.

In the event the company gives notice of an intended liquidation in accordance with the above, holders of warrants shall, notwithstanding what is stated in section 3 regarding the earliest date for claiming subscription, be entitled to apply for subscription commencing on the date on which notice was given, provided that subscription can be effected not later than on the tenth workday prior to the date of the general meeting at which the matter of liquidation is to be attended to.

7.17 Notwithstanding what is stated in section 7.12-7.16 regarding it not being possible to demand subscription after the expiry of a new expiry date for a buy-out procedure or merger, approval or signing of a merger plan or demerger plan or a decision regarding liquidation, the right to demand subscription shall be reinstated in the event the buy-out procedure, merger or demerger is not carried through or the liquidation ends.

7.18 In the event of the company's bankruptcy, subscription of shares may not take place. Where the bankruptcy order is set aside, the entitlement to subscribe shall be reinstated.

8 PUBLIC TAKEOVER BID

In the event of a public takeover bid being made with respect to the shares in the company the board of directors shall immediately notify the holders of warrants accordingly. Where such notice is given the holder of a warrant, notwithstanding what is stated in section 3 regarding the earliest date for subscription of new shares, shall be entitled to subscribe for shares from that date on terms otherwise corresponding to what is stated in these terms and conditions. The right to subscribe for shares under this section shall cease when and if the offeror announces its decision to revoke the public takeover bid. A public takeover bid refers to a public offer to holders of shares to transfer all shares.

9 SPECIFIC UNDERTAKING OF THE COMPANY

The company undertakes not to take any action described in section 7 above which could entail a recalculation of the subscription price to an amount less than the quotient value of the underlying share.

10 NOTICES

Notices relating to these terms and conditions shall be provided in writing to every holder of warrants and any other holder of rights who has notified the company in writing of their address.

11 AMENDMENTS TO THE TERMS AND CONDITIONS

The company shall be entitled to amend these terms and conditions to the extent that legislation, court decision, or public authority decision renders necessary such amendment or where, in the company's opinion, for practical reasons it is otherwise appropriate or necessary, and the rights of the holders are thereupon not prejudiced in any respect.

12 CONFIDENTIALITY

The company may not disclose information regarding a holder of warrants to any third party without authorisation.

13 FORCE MAJEURE

With respect to the actions incumbent on the company under these terms and conditions, liability cannot be claimed against the company for damages which are the result of a Swedish or foreign enactment of law, a Swedish or foreign governmental action, an event of war, strike, blockade, boycott, lock-out or similar circumstances. The limitation with respect to strike, blockade, boycott or lock-out shall apply even where the company is taking, or is the subject of, such a measure of conflict.

The company is not liable in other cases to compensate damages which occur where the company has acted with due care. In no event shall the company be liable for damages which constitute indirect losses.

Where the company is obstructed from taking an action under these terms and conditions as a result of circumstances set out in the first paragraph, the action may be postponed until such time the obstruction has ceased.

14 GOVERNING LAW AND JURISDICTION

These warrants and legal issues relating thereto shall be governed by Swedish law. Proceedings arising from these terms and conditions shall be settled by the general courts with Stockholm District Court as the court of first instance, or such other court which is approved in writing by the company.