

## TERMS AND CONDITIONS FOR ANOTO GROUP AB (PUBL) CONVERTIBLE BONDS 2014/2015

### 1. DEFINITIONS

In these terms and conditions, the following terms shall have the following meaning:

“**Bondholder**” means each holder of a Convertible Bond who is registered in an account in the Company’s CSD register as a Bondholder, or who is otherwise entitled to receive payment in respect of a Convertible Bond standing to the credit of such account;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks in Sweden are open for general business;

“**Cash Alternative Amount**” means an amount calculated in accordance with the following formula and which shall be payable to a Bondholder upon an exercise of a Conversion Right where the relevant Conversion Date falls prior to the Issuer having given notice to Bondholders that the Conversion Condition shall have been satisfied or where a Cash Alternative Election is applicable to such exercise:

$$CAA = \sum_{n=1}^N \frac{1}{N} \times S \times P^n$$

where:

CAA = the Cash Alternative Amount;

S = the number of Shares (including, for this purpose, any fraction of a Share but rounded, if necessary, to five decimal places, with 0.000005 being rounded up) determined by dividing the principal amount of Convertible Bonds in respect of which the relevant Bondholder shall have exercised conversion rights by the Conversion Price in effect on the relevant Conversion Date;

$P^n$  = the volume-weighted average share price of a Share as derived from NASDAQ OMX Stockholm on the nth dealing day of the Cash Alternative Calculation Period; and

N = 10, being the number of dealing days in the Cash Alternative Calculation Period;

“**Cash Alternative Calculation Period**” means the period of 10 consecutive dealing days commencing on the relevant date for Conversion;

“**Company**” means Anoto Group AB (publ), corporate registration number 556532-3929;

“**Conversion**” means an exchange of Convertible Bond(s) for Shares;

“**Conversion Condition**” shall have the meaning ascribed to it in Condition 10;

“**Conversion Effective Date**” shall have the meaning ascribed to it in Condition 6(f);

“**Conversion Price**” means the price at which a Conversion shall take place pursuant to Condition 6(b);

“**Convertible Bond**” means a debt obligation carrying rights to conversion into Shares pursuant to Chapter 15 of the Swedish Companies Act (2005:551) and which forms part of the Loan and which is issued for the benefit of a person or its order;

“**CSD register**” means the central securities depository register (Sw. *avstämningsregister*), kept by Euroclear as set forth in the Swedish Act on Account-keeping of Financial Instruments (1998:1479);

“**Euroclear**” means Euroclear Sweden AB;

“**Event of Default**” shall have the meaning ascribed to it in Condition 14;

“**Interest Payment Date**” means 16 January 2015;

“**Issuer Agent**” means Aktieinvest FK AB, corporate registration number 556072-2596, or such bank or institute which the Company, from time to time, appoints to act as Issuer Agent in accordance with these terms and conditions;

“**Loan**” means the Company’s convertible loan 2014/2015 or, as the case may be, the aggregate principal amount of such Loan outstanding from time to time;

“**Maturity Date**” means 27 February 2015, except to the extent of prior Conversions or early redemptions being made as provided in Conditions 5, 6, 8 or 14, in which case the Maturity Date shall be the Conversion Effective Date or the date on which early redemption shall occur in accordance with said provisions;

“**Record Date for Payment**” shall have the meaning ascribed to it in Condition 4(a);

“**Redemption Date**” shall have the meaning ascribed to it in Condition 5(a); and

“**Redemption Notice**” shall have the meaning ascribed to it in Condition 5(a).

“**Shares**” means fully paid shares in the capital of the Company. Each Share confers on the holder one vote at general meetings of the Company;

“**Subscription Date**” means the date on which the Convertible Bonds are subscribed and paid for; and

“**Subsidiary**” means a subsidiary (Sw. *dotterföretag*) within the meaning given to that term in the Swedish Companies Act (2005:551).

## 2. LOAN AMOUNT, MATURITY DATE, STATUS, INTEREST RATE, DEBT OBLIGATION AND ARRANGEMENT FEE

- (a) The Loan shall be issued in a maximum principal amount of SEK [20,000,000] and is represented by Convertible Bonds in principal amounts of SEK 100,000 each (or integral multiples thereof).
- (b) The Company undertakes to make payments in respect of the Convertible Bonds in accordance with these terms and conditions.
- (c) The Loan shall be repaid on the Maturity Date.
- (d) The Convertible Bonds constitute direct, unconditional and unsubordinated obligations of the Company, and shall rank *pari passu* amongst themselves and equally with all other unsubordinated obligations of the Company.
- (e) The Loan will bear interest at a fixed rate of 8 per cent.
- (f) Payment of interest in respect of the Convertible Bonds shall be made to the Bondholders on the Interest Payment Date. Interest shall be paid irrespective of Conversions or early redemptions being made as provided in Condition 5, 6, 8 or 14.

## 3. ACCOUNT-KEEPING INSTITUTION, REGISTRATION ETC.

- (a) The Convertible Bonds shall be registered with Euroclear in a CSD register in accordance with Chapter 4 of the Swedish Act (1998:1479) on Account Keeping of Financial Instruments. No Convertible Bond certificates will thus be issued. The Convertible Bonds will be freely transferable following registration with Euroclear as set forth in the preceding sentence.
- (b) The Convertible Bonds will be registered on behalf of each Bondholder in an account in the Company's CSD register. Registrations with respect to Convertible Bonds following Conversion shall be effected by the Issuer Agent.
- (c) The Company shall be entitled to obtain information from the Company's CSD Register as shown in the debt register (Sw. *skuldbok*) kept by Euroclear.
- (d) Other registration measures with respect to the Convertible Bonds as a consequence of actions in accordance with Condition 7 or 8 will be made by the Company or the Issuer Agent.

## 4. PAYMENT OF INTEREST AND REPAYMENT OF PRINCIPAL

- (a) Payments in respect of interest on, and repayment of, the Loan will be made by Euroclear to persons who are registered in an account in the Company's CSD register as a Bondholder or as otherwise being entitled to receive payments of interest and principal on the fifth Business Day prior to the Maturity Date, or in each case such other Business Day falling prior to the Maturity Date, as the case may be, if generally applicable on the Swedish bond market (the "**Record Date for Payment**").

- (b) If a Bondholder or a person otherwise entitled to receive payments of interest and principal, has made arrangements through an account-keeping institute that the interest amount and principal should be paid into a specific bank account, such payment will be made by Euroclear on the Maturity Date. In the absence of such an arrangement, Euroclear will transmit the payment of the interest and of the principal on the Maturity Date to the address of such Bondholder which is registered with Euroclear on the Record Date for Payment.
- (c) If Euroclear is unable to pay the interest amount or principal on the Maturity Date due to a delay on the part of the Company or due to any other obstacle, the interest amount and principal, respectively, will be paid by Euroclear as soon as such obstacle has ceased to subsist, to the Bondholder or to the person otherwise entitled to receive interest payments and payment of principal on the Record Date for Payment.
- (d) If the Maturity Date falls on a day which is not a Business Day, it shall be postponed to the immediately following Business Day unless such day could thereby fall in the next calendar month, in which event such Interest Payment Date or the Maturity Date shall be brought forward to the immediately preceding Business Day.

## 5. REDEMPTION OF THE CONVERTIBLE BONDS

- (a) At any time commencing on 1 August 2014 up until 30 January 2015, the Company may, having given not less than ten (10) nor more than twenty (20) Business Days' notice (a "**Redemption Notice**") to the Bondholders, redeem (subject to the second following paragraph) 50 per cent of all, and not some only, of the Convertible Bonds for the time being outstanding on the date (the "**Redemption Date**") specified in the Redemption Notice at an amount equal to 102 per cent of their principal amount. Notwithstanding redemption of part of the Convertible Bonds, the Bondholder will still be entitled to payment of interest on the Interest Payment Date pursuant to Condition 2.
- (b) On the Redemption Date the Company shall (subject to the next following paragraph) redeem the Convertible Bonds at their principal amount. Payment of the redemption amount will be made by the Issuer Agent.
- (c) Any Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Redemption Date which shall be a Business Day, (ii) the Conversion Price, the aggregate principal amount of the Convertible Bonds outstanding and the closing price of the Shares as derived from NASDAQ OMX Stockholm, in each case as at the latest practicable date prior to the publication of the Redemption Notice and (iii) the last calendar day on which the right to Conversion may be exercised by the Bondholders in respect of such part of the Convertible Bonds being subject to redemption.

## 6. CONVERSION AT BONDHOLDER'S OPTION

- (a) Bondholders have the right to require Conversion of some or all of their Convertible Bonds into new Shares in the Company at any time during the period set forth in Condition 6(d) below by sending a request for Conversion to the Company.
- (b) The Conversion Price per Share shall initially be SEK 100. However, during the period 2-6 February 2015, the Conversion Price per Share shall be an amount equal to 85 per cent of the volume-weighted average share price of the Share as derived from NASDAQ OMX Stockholm during the period 19-30 January 2015, however, not lower than SEK 0.10. The calculated Conversion Price as described above shall be rounded off to a whole hundredth of a SEK (Sw. *beltal öre*), whereby SEK 0.005 shall be rounded upwards to SEK 0.01. The Conversion Price is subject to adjustment in the circumstances described in Condition 8 below.
- (c) The number of Shares to be issued upon Conversion shall be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the relevant date of Conversion. No fractions of Shares will be delivered. Bondholders will not receive cash compensation for any amount not corresponding to a complete Share.
- (d) A Bondholder may request Conversion during the period commencing on 1 July 2014 and ending 6 February 2015, or up to and including such earlier date as set forth in Condition 8 below. Upon request for Conversion, the relevant application form for registration purposes as specified by the Company shall be duly completed and filed with the Company. A request for Conversion is binding and irrevocable.
- (e) The Bondholders shall pay any taxes or charges that may be imposed on the Bondholders in relation to the transfer, holding or Conversion of a Convertible Bond pursuant to Swedish or foreign laws or regulations, or the decision of a Swedish or foreign authority.
- (f) Conversion will be effected in accordance with the routine described in the Euroclear Sweden Rules for Issuers and Issuer Agents, whereby the Shares being recorded as interim shares in the share register of the Company kept by Euroclear (the date on which such event occurs in respect of a Convertible Bond shall be the “**Conversion Effective Date**” in respect of such Convertible Bond). Once registration has taken place at the Swedish Companies Registration Office, the registration in the share accounts will become final. As described in Condition 8 below, such final registration may be deferred in certain cases.

## 7. DIVIDENDS AND INTEREST IN CONNECTION WITH CONVERSION

- (a) Shares issued upon Conversion carry rights to dividends commencing from and including such record date for dividends which falls immediately after the Conversion Effective Date.

- (b) Notwithstanding Conversion, the Bondholder will still be entitled to payment of interest on the Interest Payment Date pursuant to Condition 2.

## 8. ADJUSTMENT OF THE CONVERSION PRICE, ETC

### 8.1 Adjustment of Conversion Price

Should the Company undertake any transaction or otherwise take any corporate action including without limitation bonus issues, consolidation or a split of the Shares, right issues of shares, warrants or convertibles, spin-off, offer to the shareholders to purchase financial instruments of any kind, reduction of share capital or dividends, which will have effect of the calculation of the Conversion Price pursuant to Condition 6 above, taking into account the technical structure of such a transaction or action or for other reasons, the Conversion Price shall be adjusted, in order to ensure that the Conversion Price is reasonable.

### 8.2 Rounding

In adjusting the Conversion Price as described above, the price shall be rounded off to a whole hundredth of a SEK (Sw. *heltal öre*), whereby SEK 0.005 shall be rounded upwards to SEK 0.01.

### 8.3 Liquidation

If it is decided that the Company is to enter into liquidation pursuant to Chapter 25 of the Swedish Companies Act, Conversion may not be requested thereafter, regardless of the grounds for the liquidation. The right to request Conversion ceases simultaneously with the decision to liquidate the Company, notwithstanding the fact that the decision may not have taken legal effect.

No later than four weeks prior to the general meeting of shareholders that determines whether the Company shall enter into voluntary liquidation, as provided in Chapter 25, Section 1 of the Swedish Companies Act, the Bondholders shall be notified, as provided in Condition 16 below, of the proposed liquidation. The notice shall include a reminder that Conversion may not be requested after the meeting has passed a resolution on liquidation.

In the event that the Company provides notice of a proposed liquidation as provided above, the Bondholders shall request Conversion in such time that the conversion may be effected not later than on the tenth calendar day prior to the general meeting of shareholders at which the matter of the Company's liquidation is to be considered.

Should the right to request Conversion cease according to this Condition 8.3, it shall, however, re-enter into force if the liquidation lapses.

### 8.4 Bankruptcy

In the event the Company is declared bankrupt no Conversion may be requested from that point onwards. If, however, the bankruptcy order is revoked, Conversion may again be requested in accordance with these terms and conditions.

## 8.5 Squeeze out

In the event a majority shareholder holding more than nine-tenths of the Shares in the Company would exercise its right pursuant to Chapter 22, Section 1 of the Swedish Companies Act to compulsory acquisition of outstanding Shares in the Company, such majority shareholder is, pursuant to Chapter 22, Section 26 of the Swedish Companies Act, also entitled to compulsory acquisition of any convertible instruments issued by the Company.

The Bondholders are then entitled to be bought out by such majority shareholder, notwithstanding that the latter does not exercise the right to compulsory acquisition of Shares.

Where the majority shareholder has requested that a dispute regarding a compulsory acquisition be resolved by arbitrators pursuant to Chapter 22, Section 6 of the Swedish Companies Act, the Convertible Bonds may not be exercised for Conversion until the compulsory acquisition dispute has been decided through an award or a decision has become final. Where the period of time within which Conversion may take place expires prior thereto or within three (3) months thereafter, the Bondholders shall nevertheless be entitled to Conversion during a period of three (3) months after the decision becomes final.

## 8.6 Notice

Notice of any adjustments to the Conversion Price shall be given by the Company to the Bondholders in accordance with Condition 16 promptly after the determination thereof.

## 9. COVENANTS BY THE COMPANY

The Company undertakes not to take any measures described in Condition 8.1 above, if they would result in a recalculated Conversion Price being less than the quotient value (Sw. *kvotvärde*) of one Share in the Company.

## 10. CASH SETTLEMENT

Notwithstanding any other provision of these Conditions, upon exercise of conversion rights by a Bondholder in respect of which the date for Conversion falls prior to the date on which the Company shall have given notice to the Bondholders that the Conversion Condition shall have been satisfied, the Company shall satisfy the exercise of Conversion relating to such Bondholder's Convertible Bonds by making payment to the relevant Bondholder of the Cash Alternative Amount.

Payment of the Cash Alternative Amount will be made by the Issuer Agent on behalf of the Company not later than five (5) Business Days following the last day of the Cash Alternative Calculation Period.

The “**Conversion Condition**” will be satisfied if a general meeting of the Company has passed a resolution to approve the resolution of the board of directors of the Company at a board meeting held on 18 June 2014 excluding the pre-emptive rights of shareholders with respect to the issue of the Convertible Bonds.

## 11. PURCHASE

Subject to compliance with applicable laws and regulations, the Company or any of its Subsidiaries may at any time purchase any Convertible Bonds in the open market or otherwise at any price. Any Convertible Bonds purchased by the Company or a subsidiary of the Company may, to the extent permitted under the Swedish Companies Act and the relevant requirements as set out above, be held, re-sold or reissued or, at the option of the relevant purchaser, cancelled.

## 12. TAXATION

All payments made by on or behalf of the Company in respect of the Convertible Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required to be made by law.

In the event that any such withholding or deduction is required to be made, the Company will pay such additional amounts as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of interest on any Convertible Bond:

- a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Convertible Bond by reason of his having some connection with Sweden otherwise than merely by holding the Convertible Bond or by the receipt of amounts in respect of the Convertible Bond; or
- b) where such withholding or deduction is imposed on a payment to a holder and is required to be made pursuant to European Council Directive 2003/48/EC, including any amendments thereto, or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

References in these terms and conditions to principal and/or interest and/or any other amounts payable in respect of the Convertible Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 12.

## 13. PRESCRIPTION

- (a) All rights to receive payment of principal shall lapse and become void ten (10) years from the Maturity Date. The right to receive payment of interest shall lapse and become void three (3) years after each relevant Interest Payment Date. Unclaimed interest amounts or principal amounts in respect of which rights to receive payments have lapsed shall revert to the Company.



- (b) In the event that the statute of limitations period should be interrupted, a new statute of limitation period of ten (10) years in respect of principals and three (3) years in respect of interest amounts will commence, in both cases, calculated as of the day set forth in the relevant provisions of the Swedish Act on Statutes of Limitations (1981:130).

## 14. EVENTS OF DEFAULT

Upon occurrence of any of the events set forth in Conditions 14.1-14.4 below (each an “**Event of Default**”), Bondholders representing at least one-third in principal amount of the Convertible Bonds then outstanding may terminate the Convertible Bonds in which case the entire unpaid principal amount of the Convertible Bonds plus all accrued and unpaid interest thereon shall all be immediately due and payable.

### 14.1 Non-payment

The Company fails to make timely payment of interest or any other amount on the Convertible Bonds, unless:

- (i) its failure to pay is caused by administrative or technical error or any disruption to the payment, treasury or communications systems (internal or external) or to those financial markets which are, in each case, required to operate in order for such payment to be made, beyond the control of the Company; and
- (ii) payment is made within ten (10) Business Days of its due date.

### 14.2 Breach of other obligations

The Company, in some respect other than that which is specified under Condition 14.1 fails to perform its obligations pursuant to these terms and conditions, or otherwise act in contravention of such terms and conditions, provided that Bondholders representing at least one-third in principal amount of the Convertible Bonds then outstanding, has demanded that the Company rectify such situation and the Company has failed to do so within thirty (30) Business Days thereafter.

### 14.3 Insolvency

The Company is (or is deemed for the purpose of any applicable law to be) insolvent or unable to pay its debts as they fall due, suspends or publicly announces its intention to stop or suspend payment of all or a material part of (or of a particular type of) its debts, or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness or a moratorium is declared or comes into effect in respect of or affecting all or any substantial part of (or of a particular type of) the debts of the Company.

#### 14.4 Creditor's process

Any expropriation, attachment, sequestration, distress or execution or any analogous process affects any asset or assets of the Company, having an aggregate value of at least USD 1,000,000, and is not discharged within thirty (30) Business Days.

#### 15. DISTRIBUTION OF FUNDS

If an Event of Default has occurred and should the sums paid by or recovered from the Company not suffice for all payments to be made, such sums shall be applied in the following order:

- (i) firstly, in or towards payment of accrued but unpaid interest under the Convertible Bonds; and
- (ii) secondly, in or towards payment of any unpaid principal under the Convertible Bonds.

#### 16. NOTICES

Notices regarding the Convertible Bonds shall be sent to each Bondholder under the addresses registered in the Company's CSD Register. For the avoidance of doubt, if a Convertible Bond is registered with an authorized nominee, notice with respect to the Convertible Bond will be sent to such authorized nominee.

Notices to the Company shall be sent to the Company at the following address:

Anoto Group AB (publ)  
Attention: CFO  
Traktorvägen 11  
SE-227 22 Lund  
Sweden

#### 17. NOMINEES

In respect of Convertible Bonds registered with authorized nominees in accordance with the Swedish Act on Account-keeping of Financial Instruments (1998:1479) the authorized nominee shall be deemed to be the Bondholder for the purpose of applying these terms and conditions.

#### 18. ISSUER AGENT

- (a) The Issuer Agent shall act independently in accordance with these terms and conditions and in accordance with the rules, regulations and generally accepted practices of the Swedish securities market, including *inter alia* relevant regulations of Euroclear.

- (b) The term “Issuer Agent” shall be deemed to include any other bank or investment bank or account-keeping institute which the Company appoints to act as Issuer Agent in accordance with these terms and conditions and applicable regulations.

## 19. CONFIDENTIALITY

The Company, the Issuer Agent and Euroclear must not without due authorisation, disclose to a third party information regarding a Bondholder.

## 20. LIMITATION OF LIABILITY

- (a) None of the Company or the Issuer Agent shall be liable for loss or damage arising due to a Swedish or foreign legal decree, Swedish or foreign action by public authority, war, strike, blockade, boycott and lockout or any similar circumstances. This shall apply even if the Company or the Issuer Agent itself undertakes or is subject to such actions.
- (b) None of the Company or the Issuer Agent shall be obliged to indemnify any loss or damage that is incurred, provided that the Company or the Issuer Agent, as the case may be, have acted with normal care. The Issuer Agent shall under no circumstances be liable for indirect damages.
- (c) Should the Issuer Agent be prevented from making payment or taking other action due to circumstances that are described in paragraph (a), such action may be deferred until the hindrance has ceased. In case of a postponed payment, the Company shall pay interest at the rate applicable on the Maturity Date as specified in Condition 2(e).

## 21. LISTING OF THE CONVERTIBLE BONDS

The Company has no intention to obtain any listing of the Convertible Bonds on any regulated or non-regulated market.

## 22. APPLICABLE LAW AND SUBMISSION TO JURISDICTION

Swedish law shall apply to the Convertible Bonds, these terms and conditions and related legal issues. All disputes concerning the Convertible Bonds and/or these terms and conditions shall be submitted to the jurisdiction of the Swedish courts where the court of first instance shall be the Stockholm District Court (or such other forum as may be approved in writing by the Company).

These terms and conditions have been drafted in a Swedish language version and an English language version. In case of any discrepancies between the versions, the English language version shall prevail.