

VINGE



Covid-19 implications and rights issues

April 2020

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Considerations ahead of forthcoming AGMs (1/2)

As a result of the outbreak of Covid-19 (known as the Coronavirus), the Swedish Government has decided to ban public gatherings and public events with more than 50 people attending until further notice. Even though an annual general meeting (“AGM”) is not formally covered by the government’s ban on public gatherings, the ban should, as far as possible, be complied with. The overall purpose of the ban is to prevent the spread of infection and the ban should be regarded as indicative of how companies should act.

TOPIC	REQUIREMENTS & RECOMMENDATIONS	COMMENTS
<p>TIMING AND PLACE</p>	<p>Pursuant to the Swedish Companies Act, companies are required to hold their AGMs within six months of the expiry of the financial year. Thus, companies may consider postponing the AGM until late June.</p> <p>Companies may also wish to change the premise of the AGM to a more spacious premise in order to enable social distancing at the AGM.</p>	<p>If the notice to the AGM already has been published, the date of the meeting may be altered as long as the time bars and disclosure requirements in, <i>inter alia</i>, the Swedish Companies Act are complied with. The company must inform its shareholders about the original AGM being cancelled and publish a new notice.</p> <p>If the notice has not yet been published, the postponing should be communicated to the shareholders through a press release.</p> <p>In the event of a change of premises, the company must inform its shareholders within reasonable time through a press release.</p>
<p>SHAREHOLDERS’ PARTICIPATION</p>	<p>The Swedish Parliament has adopted a temporary law amendment to reduce the number of physical participants at general meetings. The law amendment allows the board of directors, without prescription in the articles of association, to carry out advance voting (so-called postal voting where votes are submitted to the company by post/e-mail in advance of the AGM) and proxy collection (where the company has already filled in the person to act as proxy).</p> <p>The regulation applies to general meetings taking place after 15 April 2020, regardless of the date of notice.</p> <p>Companies should take reasonable measures to minimize the risk for spread of the virus, such as encouraging advance voting/proxy collection, informing that no refreshments will be served prior to or after the AGM and cancel or significantly shorten the CEO speech. Such information should be communicated either in the notice, on the website or through a press release.</p>	<p>The board of directors may resolve that advance voting or proxy collection should be used for the AGM. We recommend that advance voting is used.</p> <p>If the notice to the AGM already has been published, the company should inform its shareholders that advance voting is offered through a press release. The form for advance voting must be made available on the website at the latest one week before the AGM.</p> <p>If the notice has not yet been published, information about advance voting being offered should be included in the notice and the form for advance voting be made available on the website in connection to the notice being published.</p>

Considerations ahead of forthcoming AGMs (2/2)

TOPIC	REQUIREMENTS & RECOMMENDATIONS	COMMENTS
<p>BOARD MEMBERS' PARTICIPATION ETC.</p>	<p>To limit the spread of infection, the Swedish Corporate Governance Board has decided that the following requirements pursuant to the Swedish Corporate Governance Code (the “Code”) do not need to be complied with during 2020:</p> <ul style="list-style-type: none"> i. advance notice of the date of the AGM on the website, ii. the attendance of members of the board of directors, the CEO, the auditor and a representative of the nomination committee at the AGM, and iii. the preparation of a proposal for chairman at the AGM. 	<p>The decision by the Swedish Corporate Governance Board means, among other things, that the members of the board of directors, the CEO, the auditor and a representative from the nomination committee do not have to attend the AGM. Thus, a company that does not comply with these Code rules during 2020 does not need to report any deviation from the Code.</p> <p>However, the duties of the board of directors and the CEO to be prepared and able to provide information to the shareholders as well as to make necessary decisions at the AGM remain unchanged, although these duties may be performed remotely, for example via telephone or video link.</p>

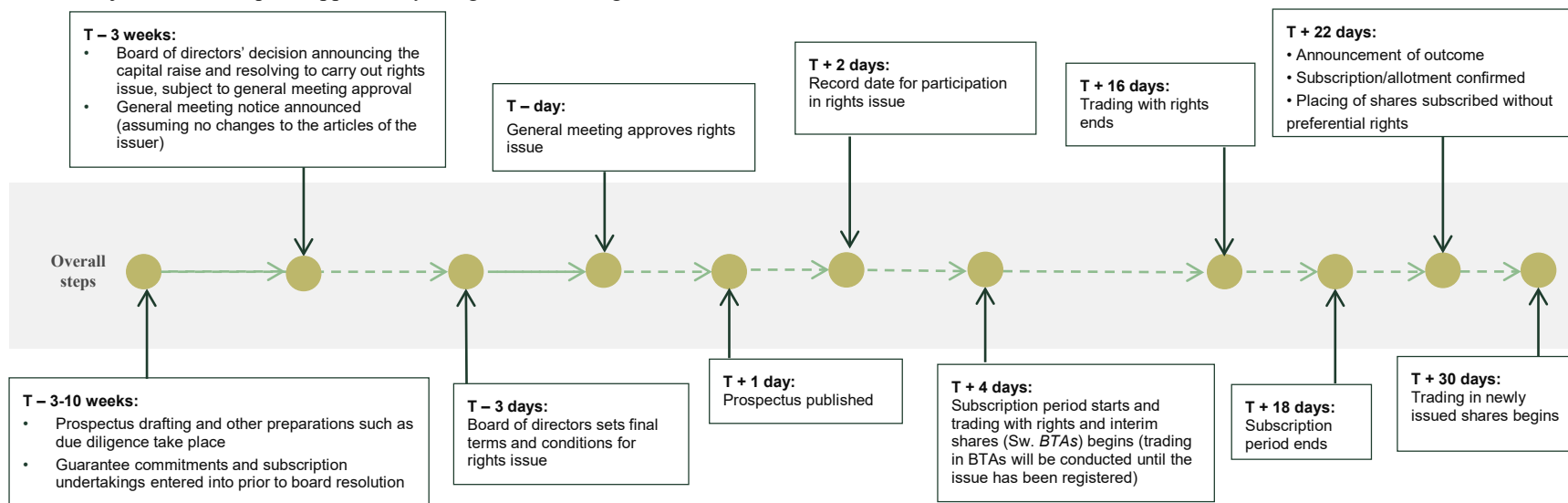
Other implications of Covid-19

TOPIC	REQUIREMENTS & RECOMMENDATIONS	COMMENT
<p>MARKET DISCLOSURE</p>	<p>Listed companies have a duty to immediately disclose inside information by way of press release. Thus, listed companies should, if the company considers it being inside information, immediately disclose relevant and significant information concerning the impacts of Covid-19 on their fundamentals, prospects or financial situation.</p> <p>Furthermore, listed companies should in their financial reporting be as transparent as possible about the actual and potential effects of Covid-19. The reporting should be based on both qualitative and quantitative assessments of the companies' business operations, financial situation and financial results.</p>	<p>The company must continuously assess whether Covid-19 has such an impact on the company so that it constitutes inside information.</p> <p>Nasdaq Stockholm considers that under the prevailing conditions, the possibility for the company to decide to delay disclosure of inside information regarding the effects of Covid-19 may be restricted since the market and the investors are likely to have limited possibility for a reasonable expectation regarding the company's financial position and development.</p>
<p>PUBLICATION OF FINANCIAL REPORTS</p>	<p>Following communication from the European Securities and Markets Authority, the Swedish Financial Supervisory Authority (the "SFSA") and Nasdaq Stockholm, the publication deadlines applicable to the financial reports of companies listed on a regulated market, such as Nasdaq Stockholm, have, as a starting point, been extended. The publication deadline is extended two months for annual reports and one month for half-yearly reports, provided that the company fulfills the following requirements:</p> <ol style="list-style-type: none"> i. the financial report refers to a reporting period ending on or after 31 December 2019 but before 1 April 2020, ii. the SFSA and Nasdaq issuer surveillance are notified by the company about the delay, iii. the company notifies the market about the adjustment of their financial calendar, including the reasons for the delayed reporting date, by way of a press release, and iv. the financial report is published within the extended time period. <p>With regard to companies listed on First North Growth Market, Nasdaq has resolved to extend the reporting deadline with one month, provided that the above requirements except for the notification to the SFSA are fulfilled.</p>	<p>The extended publication deadlines are a response to the potential difficulties encountered by companies in preparing financial reports and the challenges faced by auditors in carrying out timely audits of accounts due to Covid-19. However, the company is expected to exercise its best efforts to prepare the financial reports and publish them within the legislative or regulated deadline. Thus, the extended publication deadlines should only be used as a last resort and if necessary.</p>

Rights issues – another possible effect of Covid-19

- Many companies are currently considering different alternatives to raise capital. According to good stock market practice, a rights issue for existing shareholders should be the first choice for a listed company that wants to raise capital through an issuance of new shares. A rights issue entitles existing shareholders to subscribe for shares with preferential right on a pro rata basis.
- In general, a rights issue is carried out during a period of three months and the company receives the issue proceeds at the end of the process. Hence, if the company needs additional equity and/or liquidity urgently, the company may seek to receive an advance payment from one or several shareholders which may be repaid with the issue proceeds.
- A rights issue may be (i) resolved by the board pursuant to an authorization from the general meeting, (ii) resolved by the board with subsequent approval by the general meeting, or (iii) resolved by the general meeting.
- A rights issue is often fully or partly guaranteed before launch, often by way of a combination of (i) subscription undertakings from large shareholders, whereby they undertake to subscribe for the shares they are entitled to in the rights issue, and (ii) guarantee commitments from large shareholders or new investors, whereby they undertake to subscribe for any rump shares in exchange for consideration.
- A listed company's rights issue is considered as a public offering of shares and thus requires that a prospectus is prepared, approved by the SFSA and published.

An accelerated timetable for a rights issue has been included below for illustrative purposes. In the timetable, the board of directors resolves on the rights issue subject to a subsequent approval by the general meeting.



Key takeaways

1. Companies whose AGMs are held after 15 April 2020 may offer its shareholders to vote in advance of the AGM (or use proxy collection) to decrease the physical attendance at the AGM. Further, the company's auditor and a representative from the nomination committee do not need to attend the AGM and it is sufficient that board members and the CEO are available for example via telephone or video link.
2. Listed companies must continuously assess whether effects from Covid-19 constitute inside information for the company and in the financial reports be transparent about the impact of Covid-19 on the company. If effects from Covid-19 entail that the company cannot publish its financial reports in time, there are certain rules that must be complied with. Further, a rights issue may be an alternative to consider for a listed company that wants to raise capital.
3. For more information regarding potential implications of Covid-19 on your operations, please visit our website www.vinge.se which is continuously updated with further information.
4. Vinge's capital markets lawyers currently engage in many discussions with listed companies related to these questions and have extensive knowledge around available alternatives for companies in the current situation.

Mandates



Adviser to Xspray in connection with its listing on Nasdaq Stockholm

2020



Adviser to Cinclus Pharma in connection with a capital raising

2020



Adviser to Cantargia in connection with a directed share issue

2020



Adviser to Net Insight AB in the divestment of Sye to a Fortune 500 company

2020



Adviser to Industrifonden and Investorin in connection with a sale of shares in Calliditas

2020



Adviser to Azelio in connection with its rights issue

2019



Adviser to AMF and Folksam on re-investment in Volvo Cars

2019



Adviser to IRLAB Therapeutics in connection with share issues

2019



Adviser to Xspray in connection with a directed share issue

2019



Adviser to Nordea and Citigroup on directed share issue in Better Collective

2019



Adviser to Vostok New Ventures Ltd in connection with an investment in Voi

2019



Adviser to Gränges in conjunction with its acquisition of Aluminium Konin and its contemplated rights issue

2019



Adviser to Lantmännen in connection with issue of subordinated debentures

2019



Adviser to Hembla in connection with Vonovia's mandatory cash offer

2019



Adviser to Samhällsbyggnadsbolaget in connection with its rights issue and offer for Hemfosa

2019



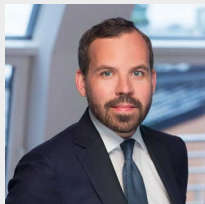
Adviser to SEB in connection with the issuance of Additional Tier 1 Capital of USD 900 million

2019

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