

*N.B. This document has been prepared in a Swedish and English language version. In the event of discrepancies between these versions, the English language version shall prevail.*

**VOSTOK NEW VENTURES LTD.**

**Clarendon House, 2 Church Street**

**Hamilton HM 11, Bermuda**

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**EXPLANATORY STATEMENT**

**In relation to a proposed Scheme of Arrangement  
between Vostok New Ventures Ltd. and its shareholders  
under section 99 of the Companies Act 1981**

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## OVERVIEW OF THE REDOMESTICATION

Vostok New Ventures Ltd.<sup>1</sup> (“**Company**”, “**Bermuda Company**” or “**VNV Bermuda**”), is seeking your approval of a scheme of arrangement (“**Scheme of Arrangement**”) under section 99 of the Companies Act 1981 (“**Companies Act**”) of Bermuda at a special court-ordered meeting of holders of Swedish Depository Receipts (“**SDRs**”) which represent the common shares of the Company, to be held on 12 May 2020 (the “**Scheme Meeting**”) that will result in your holding shares in a Swedish company rather than a Bermuda company, thereby effectively changing our place of incorporation from Bermuda to Sweden (“**Redomestication**”), without changing your ultimate economic interest.

All common shares in VNV Bermuda are held by Pareto Securities AB (“**Pareto**”), a Swedish limited liability company acting as the custodian for the shares by virtue of an agreement with VNV Bermuda, whereby Pareto has undertaken to hold common shares in the Company in custody on behalf of shareholders and to issue one SDR for each deposited share in accordance with the agreement. The SDRs are registered with Euroclear Sweden AB, the Swedish Central Securities Depository, and listed on Nasdaq Stockholm main market, a regulated market in accordance with European legislation.

The Scheme of Arrangement involves the several steps set forth below. The Company (whose SDRs representing common shares you currently own), is the indirect holder, through Vostok New Ventures (Cyprus) Limited (“**VNV Cyprus**”), of Vostok New Ventures AB<sup>2</sup> (the “**Swedish Company**” or “**VNV Sweden**”), a Swedish limited liability company wholly owned by VNV Cyprus.

On 24 April 2020, the Company made an application to the Supreme Court of Bermuda (the “**Supreme Court**”) for an order convening a meeting of the holders of the Company’s SDRs (“**SDR Holders**”), to consider and if thought fit approve the Scheme of Arrangement. On 27 April 2020, the Supreme Court granted the convening order (the “**Convening Order**”). The Company will hold the Scheme Meeting to vote on the proposed Redomestication by way of Scheme of Arrangement on 12 May 2020.

If we obtain the necessary approval at the Scheme Meeting, we will apply to the Supreme Court for an order sanctioning the Scheme of Arrangement (the “**Sanction Hearing**”). The Sanction Hearing is expected to be heard within one to four weeks after the Scheme Meeting. Assuming we receive the necessary approvals from the SDR Holders and the Supreme Court and the other conditions to consummation of the Scheme of Arrangement are satisfied, the following steps will occur pursuant to the Scheme of Arrangement:

- (1) all previously issued and outstanding common shares of VNV Bermuda, represented by SDRs, will be cancelled;
- (2) shares of VNV Sweden will be delivered on a one-for-one basis to the SDR Holders of VNV Bermuda representing the common shares that have been cancelled; and

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<sup>1</sup> Vostok New Ventures Ltd. is proposed to undergo a name change to VNV Global Ltd. in connection with the Annual General Meeting held on 12 May 2020.

<sup>2</sup> Vostok New Ventures AB, Reg. No. 556677-7917, is intended to undergo a name change to VNV Global AB (publ).

(3) VNV Bermuda will issue one new common share to be subscribed for by VNV Cyprus.<sup>3</sup>

VNV Sweden will not issue any shares. The intention is for the shares in VNV Sweden, following a share split in VNV Sweden carried out prior to the Scheme of Arrangement being employed, to be distributed by VNV Bermuda as consideration for the cancelled SDRs representing common shares. As a result of the Scheme of Arrangement, the SDR Holders in VNV Bermuda will become shareholders of VNV Sweden.

As of the date of the Scheme Meeting, VNV Bermuda will have an authorised share capital of US\$110,000,000 divided into 456,233,333 common shares, of which 78,150,006 shares will be issued and outstanding (1,080,450<sup>4</sup> will be held in treasury), and 2,100,000 redeemable shares, issued to participants under VNV Bermuda's long-term incentive program approved at a VNV Bermuda special general meeting on 22 August 2019 ("**2019 Plan Shares**") with a par value of US\$0.24 per share. Immediately after completion of the Redomestication (as defined below), VNV Sweden will have the same number of issued and outstanding common shares as there were issued and outstanding common shares of VNV Bermuda immediately before completion of the transaction.

For the avoidance of doubt, this explanatory statement and the Scheme Meeting are exclusively directed to SDR Holders. Holders of 2019 Plan Shares propose to approve the Scheme of Arrangement by way of a unanimous written resolution of the holders of 2019 Plan Shares.

We refer to the foregoing transactions, including the steps of the Scheme of Arrangement, as the "**Redomestication**". The following diagram reflects the ownership structure before the Redomestication and following the Redomestication. The diagram does not reflect all of the legal entities within the Vostok New Ventures group in detail.

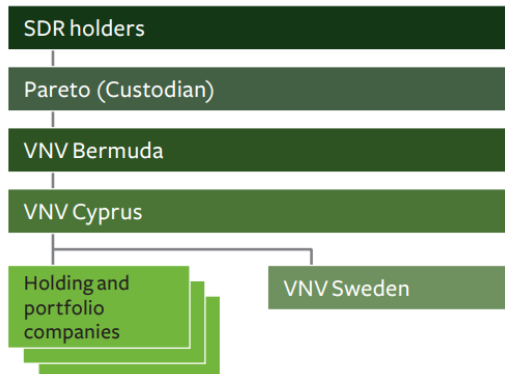
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<sup>3</sup> For the avoidance of doubt, such measure is proposed to ensure that VNV Bermuda, following the Scheme of Arrangement, will have at least one issued common share, wholly owned by VNV Cyprus to facilitate the retainment of the same organizational structure as prior to the Scheme of Arrangement (with VNV Bermuda and VNV Sweden effectively exchanging position in the organizational structure).

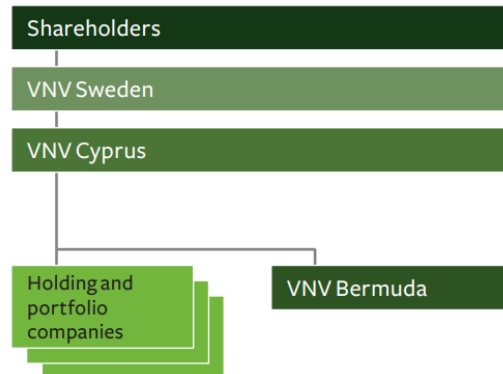
<sup>4</sup> As of the date of this explanatory statement, a total of 7,685,303 SDRs are held in treasury. 6,604,853 SDRs and the underlying common shares are intended to be cancelled prior to the Scheme Meeting. The remaining 1,080,450 SDRs consist of 330,750 SDRs that will be distributed to participants in the long-term incentive programme 2017 ("**LTIP 2017**") during May 2020 and the remaining 749,700 SDRs are needed to fulfil VNV Bermuda's obligations under the long-term incentive programme 2018 ("**LTIP 2018**") assuming maximum outcome, to be delivered by VNV Bermuda to the LTIP 2018 participants during May 2021.

## The ownership structure before and after the Redomestication

### Before the Redomestication



### After the Redomestication



On or about the effective date of the Scheme of Arrangement, our outstanding 5.75% Senior Secured Callable Fixed Rate Bonds 2019/2022 (the “**Senior Bonds**”) issued by VNV Bermuda will be taken over by VNV Sweden. VNV Bermuda has sought the approval of the holders of the Senior Bonds at a bondholders’ meeting to be held by way of written procedure to be concluded on or before 4 May 2020, for the purpose of, *inter alia*, carrying out the Redomestication and amending the finance documents for the Senior Bonds to allow VNV Sweden to assume the obligations and status as issuer under the Senior Bonds. In order for the request to be approved, at least two-thirds (2/3) of the adjusted nominal amount for which holders of the Senior Bonds reply in the written procedure must consent to the request. The approval of the holders of the Senior Bonds is a condition to the completion of the Scheme of Arrangement.

On or about the effective date of the Scheme of Arrangement, our existing super senior revolving credit facility (the “**Super Senior RCF**”) will be taken over by VNV Sweden. VNV Bermuda has on 8 April 2020 received the approval of the lender under the Super Senior RCF, for the purpose of, *inter alia*, carrying out the Redomestication and amending the finance documents for the Super Senior RCF to allow VNV Sweden to assume the obligations and status as borrower under the Super Senior RCF. The approval of the lender under the Super Senior RCF, which was obtained on 8 April 2020, was a condition to the completion of the Scheme of Arrangement.

In this explanatory statement, we sometimes refer to VNV Bermuda and to VNV Sweden as “we”, “our”, “us” or the “company” and which, as the context so requires, includes Vostok New Ventures Ltd. or Vostok New Ventures AB and its subsidiaries as a consolidated group. Also, in this explanatory statement, \$ refers to U.S. dollars and SEK to Swedish krona. All amounts of Swedish krona reported in this explanatory statement, or metrics reported in U.S. dollars that are based on Swedish krona (for example par value and share capital amounts for VNV Sweden), assume an exchange rate of SEK 10.125 to \$1.00, the exchange rate prevailing on 23 April 2020.

Please note that dates and time frames presented in this explanatory statement in relation to the timetable for the Redomestication are indicative and may change due to circumstances outside of Vostok New Ventures’ control.

**This explanatory statement is being provided to persons who are believed to be SDR Holders as at the date of this explanatory statement. If you have assigned, sold or otherwise transferred your interest in the SDR(s), you should forward this explanatory statement to the person or persons who now hold your interest in the relevant SDR(s).**

## QUESTIONS AND ANSWERS

### THE VOTING PROCEDURE

Q: Who needs to read these materials?

A: You need to read these materials if you are a holder of SDRs representing common shares of the Bermuda Company as of the Record Date (as defined below). The board of directors of the Bermuda Company is soliciting the enclosed proxy card to be voted at the Scheme Meeting, and any adjournments or postponements thereof, at the times and place and for the purposes set forth in the accompanying Notice of Special Court-Ordered Meeting of Vostok New Ventures Ltd. SDR Holders (the “**Notice of Scheme Meeting**”). This explanatory statement summarizes the information you need to know to vote at the Scheme Meeting. When the enclosed proxy card is properly executed and returned, the Bermuda Company’s common shares, par value \$0.24 per share, that the proxy card represents will be voted, subject to any direction to the contrary, at the Scheme Meeting **FOR** the matters specified in the relevant Notice of Scheme Meeting attached hereto and described more fully herein.

This explanatory statement, the attached Notice of Scheme Meeting and the enclosed proxy cards are being first made available to SDR Holders on or about 28 April 2020.

Q: Who is entitled to vote?

A: All SDR Holders in the Bermuda Company.

Q: What will I be voting on?

A: You are being asked to vote on a Scheme of Arrangement whereby your SDRs representing common shares of the Bermuda Company will be cancelled and you will receive, for each SDR you hold in the Bermuda Company, one new share of the Swedish Company for the purpose of changing our place of incorporation from Bermuda to Sweden. As a result of the Scheme of Arrangement, holders of SDRs representing common shares of the Bermuda Company will become shareholders of the Swedish Company.

You may also vote on any other business that properly comes before the Scheme Meeting.

Q: What are the voting recommendations of the Board?

A: Your Board unanimously recommends that you vote **FOR** the approval of the Scheme of Arrangement.

Q: How many votes do I have?

A: Holders of SDRs representing outstanding common shares are entitled to one vote per common share on each matter to be voted upon by the SDR Holders at the Scheme Meeting.

Q: How do I vote?

A: SDR Holders wishing to attend the Scheme Meeting shall:

- (1) be listed in the register of SDR Holders kept by Euroclear Sweden AB on 6 May 2020; and
- (2) notify the Company of the intention to attend the Scheme Meeting preferably prior to 6 May and in no event later than 10 May 2020 by mail at the address Computershare AB, Vostok New Ventures Ltd. Scheme Meeting, Box 610, SE-182 16 Danderyd, Sweden, by telephone +46 (0)771 24 64 00 or by e-mail to [sgm@vostoknewventures.com](mailto:sgm@vostoknewventures.com). The SDR Holder shall state his or her name, personal or company identification number, address and telephone number. If a SDR Holder intends to be represented by proxy, the name of the proxy holder shall be stated. Information submitted in connection with the notification will be processed electronically and used exclusively in connection with the Scheme Meeting.

Any SDR Holder represented by proxy must issue a dated and signed power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, a certified copy of a registration certificate or a corresponding document for the legal entity shall be appended. The power of attorney in original and, where applicable, the registration certificate should be received by the Company by mail at the address set forth above no later than 10 May 2020 or brought physically to the Scheme Meeting by the proxy.

SDR Holders who hold their SDRs through nominees (Sw. *förvaltare*) must request a temporary registration of the voting rights in order to be able to participate at the Scheme Meeting. SDR Holders who want to obtain such registration are encouraged to contact the nominee well in advance of 10 May 2020.

#### Proxy cards

SDR Holders may exercise their voting rights at the Scheme Meeting by submitting a proxy card, authorising the Chairman of the Scheme Meeting or another person (whether an SDR Holder or not) to vote on their behalf in accordance with the terms set forth on the submitted proxy cards. The Company encourages the SDR Holders to use this opportunity in order to minimize the number of participants attending the Scheme Meeting in person and thus assist in limiting the spread of the novel coronavirus (Covid-19).

The proxy card is available on the Company's website, [www.vostoknewventures.com](http://www.vostoknewventures.com). An SDR Holder exercising its voting right by submitting the proxy card does not need to submit a separate notification of participation to the Scheme Meeting. The proxy card constitutes a valid notification of participation.

The completed proxy card must be submitted to the Company preferably prior to 6 May and in no event later than 10 May 2020. The completed proxy card shall be sent to Computershare AB, Vostok New Ventures Ltd. Scheme Meeting, Box 610, SE-182 16 Danderyd, Sweden. A completed proxy card may also be submitted electronically and sent to [sgm@vostoknewventures.com](mailto:sgm@vostoknewventures.com). If the SDR Holder is a legal entity, a certificate of registration or



equivalent authorization documents shall be enclosed to the proxy card. The SDR Holder may not supply the proxy card with special instructions or conditions. If so, the vote is invalid.

Further instructions and conditions are included in the proxy card.

**Please note that if you do not appoint a proxy and do not vote at the Scheme Meeting you will still be bound by the outcome. You are therefore strongly urged to vote either in person or by proxy.**

Q: Who will count the vote?

A: Votes will be counted by a partner of the Bermuda Company's Swedish legal counsel.

Q: What does it mean if I receive more than one proxy card?

A: SDR Holders in multiple financial institutions or on multiple accounts may receive more than one proxy card. Please return one proxy card for each account and financial institution.

Q: What happens if I sign and return my proxy card but do not indicate how to vote my shares?

A: Returned proxy cards without an indication of how to vote will be treated as votes **FOR** the matters specified in the Notice to the Scheme Meeting.

Q: How are absentions and broker non-votes counted at the meeting?

A: Abstentions and broker non-votes will not be considered "present and voting" for the purpose of section 99 of the Companies Act, and will not be considered votes cast on the proposal brought before the meeting. Broker non-votes are shares held by banks or brokers for which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and for which the bank or broker does not have discretionary voting power under rules applicable to broker-dealers. If you own shares through a bank or brokerage firm and you do not instruct your bank or broker how to vote, your bank or broker will not have discretion to vote on the proposal.

Q: What majority is required to approve the proposal?

A: To approve the Scheme of Arrangement, the affirmative vote of a majority in number of the SDR Holders in the Bermuda Company present and voting at the meeting of SDR Holders, whether in person or by proxy, representing 75% or more in value of the common shares represented and voting at the meeting, whether in person or by proxy, is required.

Q: How are abstentions and broker non-votes treated?

A: Broker non-votes will not be included in the vote count. Abstentions by SDR Holders present at the Scheme Meeting or voting by way of proxy cards will not be counted as "present and voting" for the purpose of the statutory majority required under section 99 of the Companies Act.

Q: Can I change my vote after I have mailed my signed proxy card or otherwise instructed how my shares are to be voted?

A: Yes. The most recent proxy card received prior to 10 May 2020 will prevail over previous proxy cards.

Q: How does the voting take place at the Scheme Meeting?

A: Voting takes place by tabulation of votes received in advance by proxy cards and votes cast by open voting of SDR Holders present in accordance with sections 3.5.1 through 3.5.3 of the Company's Bye-Laws.

Q: Who pays the costs of soliciting proxies?

A: The Company bears all costs of the Scheme Meeting. SDR Holders are responsible for postage charges in relation to explanatory statements filed by mail as well as for the costs for their own advisors retained for the purpose of advising them on the Scheme of Arrangement, if any.

### **THE REDOMESTICATION**

Q: What am I being asked to vote on at the meeting?

A: You are being asked to vote on a Scheme of Arrangement whereby your SDRs representing common shares of the Bermuda Company will be cancelled and you will receive, for each SDR you hold in the Bermuda Company, one share of the Swedish Company, which will reflect your current holding of SDRs representing common shares in the Bermuda Company, for the purpose of changing our place of incorporation from Bermuda to Sweden. As a result of the Scheme of Arrangement, SDR Holders of the Bermuda Company will become shareholders of the Swedish Company.

Many of the principal attributes of common shares of the Bermuda Company and the shares of the Swedish Company will be similar. However, there are differences between your rights under Swedish law and under Bermuda law. In addition, there are differences between the Bermuda Company's memorandum of association and bye-laws and the Swedish Company's articles of association. We discuss these differences in detail under sections "*Description of the shares in the Swedish Company*" and "*Comparison of Shareholder Rights and Board Powers*".

Q: What majority is required to approve the proposals?

A: To approve the Scheme of Arrangement, the affirmative vote of a majority in number of the SDR Holders in the Bermuda Company present and voting at the meeting of SDR Holders, whether in person or by proxy, representing 75% or more in value of the common shares represented and voting at the meeting, whether in person or by proxy, is required.

Q: Why was Sweden selected as the place of domicile for Vostok New Ventures group?

A: The current structure, consisting of a management company in Sweden providing services to a Bermuda parent company, has proven increasingly inefficient and cumbersome on the board of

directors and management alike. With management predominantly resident in Sweden and the company listed on Nasdaq Stockholm, Sweden has been deemed a natural location for the company headquarters. The Company's board of directors believes that the Redomestication will increase the Company's strategic flexibility while posing no noticeable risks to the Company's operating model, long-term strategy and ability to maintain a competitive worldwide effective corporate tax rate. The Company's board of directors has considered both the potential advantages and risks of the Redomestication and has unanimously approved the Redomestication and recommend that SDR Holders vote in favour of the Redomestication.

Q: Will the Redomestication affect our current or future operations?

A: No. The Redomestication is not envisaged to affect the Vostok New Ventures group's current or future operations as no restructuring of the Vostok New Ventures group is carried out apart from the change of parent company. The practical effects of the Redomestication will mainly be experienced by the Company's management in the form of a more streamlined governance process. Please see section "*The Redomestication*" for a description of the changes to the organizational regulations and corporate governance that will occur due to the Redomestication

Q: Will the Redomestication dilute my economic interest?

A: No. As each SDR representing a common share in VNV Bermuda is exchanged for one share of the Swedish Company, no dilution of economic interest in the Vostok New Ventures group will occur as a result of the Redomestication.

Q: Is the Redomestication a taxable event to me?

A: Exchange of SDRs in VNV Bermuda for shares of VNV Sweden may have tax consequences for the SDR Holder, depending on the tax status and tax residence of the individual SDR Holder. Please refer to the section "*Description of certain tax considerations*" for a discussion of the material Swedish, US and Bermuda tax consequences of the Redomestication.

Q: Is the Redomestication a taxable transaction for either the Bermuda Company or the Swedish Company?

A: The Redomestication is not expected to lead to any tax consequences for VNV Sweden under Swedish law. The Redomestication will not result in any income tax consequences under Bermuda law to VNV Bermuda or VNV Sweden or their respective shareholders.

Q: When do you expect the Redomestication to be completed?

A: The board of directors estimates that the Redomestication can be completed within four weeks of the Sanction Hearing, which in turn is expected to take place one to four weeks after the Scheme Meeting approves the Scheme of Arrangement, assuming that all other conditions to the consummation of the Scheme of Arrangement are satisfied at such time.

Q: What will I receive for my SDRs in the Bermuda Company?

A: After the Redomestication is completed, you will hold one share in the Swedish Company for each SDR representing a common share in the Bermuda Company you held immediately prior to the completion of the Redomestication.

Q: If the Scheme of Arrangement is approved, do I have to take any action to cancel my SDRs in the Bermuda Company and receive shares in the Swedish Company?

A: No. Your SDRs in the Bermuda Company will be cancelled and shares in the Swedish Company will be provided without any action on your part. All of the shares in the Swedish Company will be provided in book-entry form. Euroclear Sweden will make the electronic book-entry of shares to the same account where your SDRs were previously held.

If your SDR is pledged or otherwise charged in favour of a third party should notify the third party of the Scheme of Arrangement in the event it is approved, as the SDR will be cancelled as part of the Scheme of Arrangement.

Q: Can I trade SDRs representing common shares of the Bermuda Company between the date of this explanatory statement and the completion of the Redomestication?

A: Yes. Not later than in connection with the Scheme of Arrangement becoming effective following the Sanction Hearing, the Company will provide SDR Holders with a detailed timetable for the delisting of the SDRs representing common shares in VNV Bermuda and the listing of the shares in VNV Sweden as well as information on whether there will be any trading days during which no trading may be carried out of either SDRs in VNV Bermuda or shares in VNV Sweden, for instance due to settlement considerations.

Q: After the Redomestication, where can I trade shares in the Swedish Company?

A: VNV Sweden will apply for listing of its shares on Nasdaq Stockholm.

Q: Does the Scheme of Arrangement require approval by the Supreme Court of Bermuda?

A: The Scheme of Arrangement cannot be completed without the approval of the Supreme Court of Bermuda. Subject to the SDR Holders of the Bermuda Company approving the Scheme of Arrangement at the Scheme Meeting, a Sanction Hearing will be required to seek the sanction of the Scheme of Arrangement. At the Sanction Hearing, the Supreme Court may impose such conditions as it deems appropriate in relation to the Scheme of Arrangement but may not impose any material changes without the joint consent of the Bermuda Company and the Swedish Company. In determining whether to exercise its discretion and approve the Scheme of Arrangement, the Supreme Court will determine, among other things, whether the Scheme of Arrangement is fair to the SDR Holders in the Bermuda Company in general.

Q: May I attend the Sanction Hearing?

A: SDR Holders in the Bermuda Company (including any beneficial owners of such shares that give voting instructions to a custodian or clearing house that subsequently votes on the proposal)

who vote either for or against the proposal or who the Supreme Court is satisfied have a substantial economic interest in the Scheme of Arrangement are entitled to appear in person or by counsel and be heard at the Sanction Hearing at which the Bermuda Company will seek the sanction of the Scheme of Arrangement. In addition, the Supreme Court has wide discretion to hear from interested parties. The Bermuda Company has agreed that it will not object to the participation by any SDR Holder in the Sanction Hearing on the grounds that such person does not have a substantial economic interest in its common shares.

Q: What are the most important Swedish corporate tax consequences of being organized as a Swedish holding company?

A: VNV Sweden will be subject to Swedish corporate tax at currently 21.4% on any taxable net profits. However, holdings in unlisted shares are generally exempt from taxation.

Q: Will there be Swedish withholding tax on future share repurchases, if any, by the Swedish Company?

A: Payments as a result of a future repurchases of shares by the Swedish Company where the Swedish Company makes an offer of repurchase to all its shareholders will be subject to Swedish withholding tax for non-resident shareholders. The withholding tax rate is 30%. The tax rate is, however, generally reduced under an applicable tax treaty. If the Swedish Company repurchases its own shares over the stock exchange, no withholding tax is levied.

Q: Will there be Swedish withholding tax on future dividends, if any, by the Swedish Company?

A: Dividend payments by VNV Sweden to non-resident shareholders will be subject to Swedish withholding tax. The withholding tax rate is 30%. The tax rate is, however, generally reduced under applicable tax treaties.

Q: Whom should I call if I have questions about the meeting or the Redomestication?

A: You should contact either of the following:

Björn von Sivers, Investor Relations, [bjorn.vonsivers@vostoknewventures.com](mailto:bjorn.vonsivers@vostoknewventures.com)

or

Anders F. Börjesson, General Counsel, [anders.borjesson@vostoknewventures.com](mailto:anders.borjesson@vostoknewventures.com)

## SUMMARY

This summary highlights selected information from this explanatory statement. It does not contain all of the information that is important to you. To understand the Redomestication more fully, and for a more complete legal description of the Scheme of Arrangement, you should read carefully the entire explanatory statement, including the annexes. The Scheme of Arrangement, attached as Annex A to this explanatory statement, is the legal document that governs the Scheme of Arrangement.

We encourage you to read those documents carefully.

### Parties to the Scheme of Arrangement

**VNV Bermuda.** Vostok New Ventures Ltd.<sup>5</sup> is an investment company with the business concept of using experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation, with a focus on companies with network effects.

We were incorporated under the laws of Bermuda as an exempted company limited by shares on 5 April 2007.

Our principal executive office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, and our telephone number is +46-8 545 015 50.

**VNV Sweden.** Vostok New Ventures AB<sup>6</sup> is a Swedish limited liability company and is currently wholly-owned indirectly by VNV Bermuda. As a result of the Redomestication, VNV Sweden will become the parent holding company of VNV Bermuda and its subsidiaries.

The principal executive office of VNV Sweden is located at Mäster Samuelsgatan 1, SE-111 44 Stockholm, Sweden.

### The Redomestication

The Scheme of Arrangement will effectively change our place of incorporation from Bermuda to Sweden.

**Scheme of Arrangement.** The Scheme of Arrangement involves several steps. VNV Bermuda, the Bermuda company whose SDRs representing common shares you currently own, is the owner of VNV Sweden as an indirect, wholly-owned subsidiary. On 24 April 2020 we made application to the Supreme Court to order the calling of a meeting of SDR Holders representing VNV Bermuda common shares to approve the Scheme of Arrangement. On 28 April 2020, the Supreme Court ordered us to seek your approval of the Scheme of Arrangement. We will hold the Scheme Meeting to approve the Scheme of Arrangement on 12 May 2020. If we obtain the necessary SDR Holder approval, the Supreme Court will hold the Sanction Hearing on or about 18 May 2020 to approve the Scheme of Arrangement. Assuming we receive the necessary approvals from the SDR Holders and the Supreme Court, we will file the court

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<sup>5</sup> Vostok New Ventures Ltd. is proposed to undergo a name change to VNV Global Ltd. in connection with the Annual General Meeting held on 12 May 2020.

<sup>6</sup> Vostok New Ventures AB, Reg. No. 556677-7917, is intended to undergo a name change to VNV Global AB (publ).

order sanctioning the Scheme of Arrangement with the Bermuda Registrar of Companies, at which time the Scheme of Arrangement will be effective.

Once the Scheme of Arrangement is effective, and the other conditions to consummation of the Scheme of Arrangement are satisfied, the following steps will occur:

- (1) all previously issued and outstanding common shares of VNV Bermuda, represented by SDRs, will be cancelled;
- (2) shares of VNV Sweden will be delivered on a one-for-one basis to the SDR Holders of VNV Bermuda representing the common shares that have been cancelled; and
- (3) VNV Bermuda will issue one new common share to be subscribed for by VNV Cyprus.

VNV Sweden will not issue any shares. The intention is for the shares in VNV Sweden, following a share split in VNV Sweden carried out prior to the Scheme of Arrangement, to be distributed by VNV Bermuda as consideration for the cancelled SDRs representing common shares. As a result of the Scheme of Arrangement, the SDR Holders of VNV Bermuda will become shareholders of VNV Sweden.

After the Redomestication, you will continue to own an interest in a parent company that will continue to conduct the same business operations as conducted by VNV Bermuda before the Redomestication. The number of shares you will own in VNV Sweden will be the same as the number of SDRs representing common shares you owned in VNV Bermuda immediately prior to the Redomestication, and your relative economic interest in the Vostok New Ventures group will remain unchanged.

The completion of the Redomestication will change the governing law that applies to us from Bermuda law to Swedish law.

There are differences between Bermuda law and Swedish law and between VNV Bermuda's memorandum of association and bye-laws on the one hand, and VNV Sweden's articles of association on the other hand. See "*Comparison of Shareholder Rights and Board Powers*" for a summary of some of these differences.

Upon completion of the Redomestication, we will remain subject to Nasdaq Stockholm's Rulebook for Issuers, the Swedish Code of Corporate Governance and the European Market Abuse Regulation, and we will continue to report our financial results in U.S. dollars and under IFRS. Under Swedish corporate and tax law, we will also have to report the statutory annual accounts of VNV Sweden in SEK.

Assuming that the Scheme of Arrangement is approved by our SDR Holders and the conditions to the consummation of the Scheme of Arrangement are satisfied, we anticipate that the Scheme of Arrangement will become effective as soon as practicable following approval of the Supreme Court at the Sanction Hearing on or about 18 May 2020, following which the court order sanctioning the Scheme of Arrangement will be filed with the Bermuda Registrar of Companies.



## Reasons for the Redomestication

The Company's board of directors believes that the Redomestication will increase the Company's strategic flexibility while posing no noticeable risks to the Company's operating model, long-term strategy and ability to maintain a competitive worldwide effective corporate tax rate. The Company's board of directors have carefully considered the effects of the Redomestication on its SDR Holders. Sweden has a well-developed legal system that encourages a high standard of corporate governance. Following the Redomestication, the Vostok New Ventures group will remain subject to IFRS reporting requirements and the corporate governance rules of Nasdaq Stockholm and the Swedish Code of Corporate Governance. The Company's board of directors has considered both the potential advantages and risks of the Redomestication and has unanimously approved the Redomestication and recommend that SDR Holders vote in favour of the Redomestication.

For more information on our reasons for the Redomestication, please see "*The Redomestication*".

## Tax Considerations

Under U.S. federal income tax law, holders of shares of VNV Bermuda generally will not recognize a gain or loss in the Redomestication. Please refer to section "*Description of certain tax considerations*" for a description of the material U.S. federal income tax and Swedish tax consequences of the Redomestication. Determining the actual tax consequences of the Redomestication to you may be complex and will depend on your specific situation. You are urged to consult your tax adviser for a full understanding of the tax consequences of the Redomestication to you.

## Rights of Shareholders

Many of the principal attributes of VNV Bermuda's common shares and VNV Sweden's shares will be similar. However, there are differences between your rights under Swedish law and under Bermuda law. In addition, there are differences between VNV Bermuda's memorandum of association and bye-laws and VNV Sweden's articles of association. We discuss these differences in detail under sections "*Description of the shares in the Swedish Company*" and "*Comparison of shareholder rights and board powers*".

## Stock Exchange Listing

As soon as reasonably practicable following the consummation of the Scheme of Arrangement, we intend to apply for the listing on Nasdaq Stockholm of the common shares of VNV Sweden.

## Conditions to Consummation of the Scheme of Arrangement

The Scheme of Arrangement will not be completed unless, among other things, the following conditions are satisfied or, if allowed by law, waived:

- the shares in VNV Sweden, which are to be distributed to SDR Holders in connection with the Scheme of Arrangement, are conditionally authorized for listing on Nasdaq Stockholm;
- neither VNV Bermuda nor VNV Sweden is subject to any governmental decree, order or injunction that prohibits the consummation of the Scheme of Arrangement; and



- holders of 2019 Plan Shares have approved the Scheme of Arrangement by way of a unanimous written resolution.

In addition, VNV Bermuda must obtain, prior to the consummation of the Scheme of Arrangement:

- the approval of the holders of the Senior Bonds to carry out the Redomestication and amend the finance documents for the Senior Bonds to allow VNV Sweden to assume the obligations and status as issuer under the Senior Bonds; and
- the approval of the lender under the Super Senior RCF to carry out the Redomestication and amend the finance documents for the Super Senior RCF to allow VNV Sweden to assume the obligations and status as borrower under the Super Senior RCF. Such approval, regarding the Super Senior RCF, was obtained on 8 April 2020.

#### Court Approval of the Scheme of Arrangement

The Scheme of Arrangement cannot be completed without the sanction of the Supreme Court of Bermuda. Subject to the SDR Holders of VNV Bermuda approving the Scheme of Arrangement, a Sanction Hearing will be required to seek the sanction of the Scheme of Arrangement. At the Sanction Hearing, the Supreme Court may impose such conditions as it deems appropriate in relation to the Scheme of Arrangement but may not impose any material changes without the joint consent of VNV Bermuda and VNV Sweden. In determining whether to exercise its discretion and approve the Scheme of Arrangement, the Supreme Court will determine, among other things, whether the Scheme of Arrangement is fair to VNV Bermuda's SDR Holders in general.

#### Market Price of VNV Bermuda SDRs

On 7 April 2020, the last trading day before the public announcement of the Redomestication, the closing price of the VNV Bermuda SDRs on Nasdaq Stockholm was SEK 53.70 per SDR. On 23 April 2020, the most recent practicable date before the date of this explanatory statement, the closing price of the VNV Bermuda SDRs on Nasdaq Stockholm was SEK 57.00 per SDR.

#### No Appraisal Rights

Under Bermuda law, the shareholders of VNV Bermuda do not have any right to an appraisal of the value of their shares or payment for them in connection with the Scheme of Arrangement.

#### Accounting Treatment of the Scheme of Arrangement

##### Implication in the Vostok New Ventures group

From a group perspective the Redomestication is not expected to result in any new values in respect of the group's assets and liabilities. As the ultimate shareholders of Vostok New Ventures group will remain unchanged both before and after the Redomestication there is no change in the ultimate shareholders' control in Vostok New Ventures group. Therefore, the Redomestication is a transaction under "Common control" which scopes the restructuring out of the standards for business combinations (IFRS 3) which basically requires fair value accounting.

Vostok New Ventures AB will as part of the restructuring become the new top holding parent company in the Vostok New Ventures group. The Vostok New Ventures group's financial statements will continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC), as endorsed by the EU.

#### Regarding the new top holding company Vostok New Ventures AB

The new parent company Vostok New Ventures AB will need to prepare its financial statements under RFR 2 (Accounting for legal entities) as issued by the Swedish Financial Reporting Board. The parent company applies RFR 2 and the Swedish Annual Accounts Act. The application of RFR 2 implies that the parent company in its financial statements for the legal entity applies IFRS, as endorsed by the EU, to the largest extent possible under the Swedish Annual Accounts Act, the Act respecting retirement pensions and with consideration taken to the connection between accounting and taxation.

#### Special Court-Ordered Meeting

**Time, Place, Date and Purpose.** The Scheme Meeting of SDR Holders of VNV Bermuda will be held immediately following the annual general meeting of VNV Bermuda at approximately 3.30 p.m. on 12 May 2020, at offices of the Vinge law firm, Stureplan 8, SE-111 87, Stockholm, Sweden. At the meeting, VNV Bermuda's board of directors will ask the SDR Holders to vote to approve:

- the Scheme of Arrangement, pursuant to which the VNV Bermuda SDR Holders will have their SDRs representing common shares of VNV Bermuda cancelled and will receive new common shares of VNV Sweden on a one-for-one basis for outstanding VNV Bermuda common shares; and
- any other matters that properly come before the Scheme Meeting and any adjournments or postponements of the meeting.

**Record Date.** Only holders of record of VNV Bermuda SDRs as of the close of 6 May 2020 are entitled to vote at the Scheme Meeting or any adjournment or postponement of the Scheme Meeting.

#### Recommendation of the board of directors

The Company's board of directors unanimously recommends that the Company's SDR Holders vote FOR the Scheme of Arrangement.

#### Required Vote

The Scheme of Arrangement requires the affirmative vote of a majority in number of the SDR Holders representing VNV Bermuda common shares present and voting at the meeting of SDR Holders, whether in person or by proxy, representing 75% or more in value of the common shares present and voting at the meeting, whether in person or by proxy.

## THE REDOMESTICATION

The Scheme of Arrangement will effectively change our place of incorporation from Bermuda to Sweden.

The Scheme of Arrangement involves several steps. VNV Bermuda, the Bermuda company whose SDRs you currently own, is the owner of VNV Sweden, as an indirect, wholly-owned subsidiary. On – April 2020, we made application to the Supreme Court in Bermuda to order the calling of a meeting of VNV Bermuda SDR Holders to approve the Scheme of Arrangement. On 28 April 2020, the Supreme Court ordered us to seek your approval of the Scheme of Arrangement. We will hold the special court-ordered meeting to approve the Scheme of Arrangement on 12 May 2020. If we obtain the necessary SDR Holder approval, the Supreme Court will have the Sanction Hearing within one to four weeks of the Scheme Meeting to approve the Scheme of Arrangement. Assuming we receive the necessary approvals from the SDR Holders and the Supreme Court and the conditions to consummation of the Scheme of Arrangement are satisfied, we will file the court order sanctioning the Scheme of Arrangement with the Bermuda Registrar of Companies, at which time the Scheme of Arrangement will be effective. See also “*Summary - The Redomestication*” above.

### Background and Reasons for the Redomestication

The current structure, consisting of a management company in Sweden providing services to a Bermuda parent company, has proven increasingly inefficient and cumbersome on the board of directors and management alike. With management predominantly resident in Sweden and the company listed on Nasdaq Stockholm, Sweden has been deemed a natural location for the company headquarters.

The Company’s board of directors believes that the Redomestication will increase the Company’s strategic flexibility while posing no noticeable risks to the Company’s operating model, long-term strategy and ability to maintain a competitive worldwide effective corporate tax rate. The Company’s board of directors have carefully considered the effects of the Redomestication on its SDR Holders. Sweden has a well-developed legal system that encourages a high standard of corporate governance. Following the Redomestication, the Vostok New Ventures group will remain subject to IFRS reporting requirements and the corporate governance rules of Nasdaq Stockholm and the Swedish Code of Corporate Governance.

The Company’s board of directors has considered both the potential advantages and risks of the Redomestication and has unanimously approved the Redomestication and recommend that SDR Holders vote in favour of the Redomestication. We cannot assure you, however, that the anticipated benefits of the Redomestication will be realized, in part or at all.

### Amendment or Termination of the Scheme of Arrangement

The Scheme of Arrangement may be amended, modified or supplemented by VNV Bermuda and the Supreme Court. However, after approval by the SDR Holders, no amendment, modification or supplement may be made or effected that requires further approval by the SDR Holders without obtaining that approval.

Under Bermuda law, the board of directors of VNV Bermuda may terminate and abandon the Scheme of Arrangement at any time prior to the serving of the Sanction Order on the Registrar of Companies in

Bermuda. However, VNV Bermuda has determined that, subject to satisfaction of the conditions to the Scheme of Arrangement, it will not terminate and abandon the Scheme of Arrangement following the approval of the Scheme of Arrangement by the SDR Holders. The board of directors may also terminate or abandon the Scheme of Arrangement if the conditions to the Scheme of Arrangement are not satisfied or waived, and if such conditions are not satisfied or waived on or before 5:00 p.m. (Bermuda time) on the date nine months after the date on which the Scheme of Arrangement becomes effective, or such later date as agreed by VNV Bermuda and sanctioned by the Supreme Court, the Scheme of Arrangement will lapse by its terms.

#### Conditions to Consummation of the Scheme of Arrangement

The Scheme of Arrangement will not be completed unless, among other things, the following conditions are satisfied or, if allowed by law, waived:

- the shares in VNV Sweden, which are to be distributed to SDR Holders in connection with the Scheme of Arrangement, are conditionally authorized for listing on Nasdaq Stockholm;
- neither VNV Bermuda nor VNV Sweden is subject to any governmental decree, order or injunction that prohibits the consummation of the Scheme of Arrangement; and
- holders of 2019 Plan Shares have approved the Scheme of Arrangement by way of a unanimous written resolution.

In addition, VNV Bermuda must obtain, prior to the consummation of the Scheme of Arrangement:

- the approval of the holders of the Senior Bonds to carry out the Redomestication and amend the finance documents for the Senior Bonds to allow VNV Sweden to assume the obligations and status as issuer under the Senior Bonds; and
- the approval of the lender under the Super Senior RCF to carry out the Redomestication and amend the finance documents for the Super Senior RCF to allow VNV Sweden to assume the obligations and status as borrower under the Super Senior RCF. Such approval, regarding the Super Senior RCF, was obtained on 8 April 2020.

#### Court Approval of the Scheme of Arrangement

Pursuant to Section 99 of the Companies Act, the Scheme of Arrangement requires court sanction in Bermuda. This requires VNV Bermuda to file an application for the sanction of the Scheme of Arrangement with the Supreme Court of Bermuda.

Prior to making this explanatory statement available to the SDR Holders, the Company obtained directions from the Supreme Court providing for the convening of a meeting of SDR Holders and other procedural matters regarding the meeting. A copy of the Supreme Court's directions is attached as Annex B.

At the Scheme Meeting, SDR Holders will be asked to approve the Scheme of Arrangement. If the SDR Holders approve the Scheme of Arrangement, then the Company will apply for sanction of the Scheme of Arrangement at the Sanction Hearing. We encourage you to read the Scheme of Arrangement attached as Annex A in its entirety for a complete description of its terms and conditions.

At the Sanction Hearing, the Supreme Court may impose such conditions as it deems appropriate in relation to the Scheme of Arrangement but may not impose any material changes without the joint consent of VNV Bermuda and VNV Sweden. In determining whether to exercise its discretion and approve the Scheme of Arrangement, the Supreme Court will determine, among other things, whether the Scheme of Arrangement is fair to the SDR Holders in general. If you are an SDR Holder who wishes to appear or be represented and be heard at the Sanction Hearing, you may do so. Holders of VNV Bermuda SDRs at 6 May 2020 are entitled to appear before the Supreme Court, at the time and date set for the hearing of the petition to sanction the Scheme of Arrangement. VNV Bermuda will not object to your appearance or participation at the hearing.

Should you wish to participate at the Sanction Hearing as set forth above, VNV Bermuda encourages you to adopt one of the below noted procedures:

- appearing in person at the Supreme Court, having notified VNV Bermuda's legal counsel 48 hours in advance of your intention to do so by e-mailing or telephoning David Stubbs: david.stubbs@conyers.com or +1 (441) 299-4915. You will in such circumstances be requested to provide an affidavit setting out the evidence upon which you seek to rely at the hearing;
- filing an affidavit with the Supreme Court at least 48 hours prior to the date of the hearing of the petition to sanction setting out your reasons for objecting. At the same time as filing the affidavit, you should serve a copy of the affidavit on VNV Bermuda by leaving same at the office of Conyers Dill & Pearman Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, Attention: David Stubbs/Graham Collis; or
- instructing counsel to appear on your behalf before the Supreme Court, such counsel to provide notice of their intention to appear to Conyers Dill & Pearman Limited at least 48 hours prior to the sanction hearing and at the same time providing a copy of the evidence upon which counsel shall seek to rely set out in an affidavit.

In addition, the Supreme Court has wide discretion to hear from interested parties. See "*Summary - Special Court-Ordered Meeting*" for more information.

The Scheme of Arrangement will become effective as soon as a copy of the Order of the Supreme Court sanctioning the Scheme of Arrangement has been delivered to the Registrar of Companies in Bermuda as required by Section 99 of the Companies Act. See "*Summary - Conditions to Consummation of the Scheme of Arrangement*" for more information on these conditions.

Once the Scheme of Arrangement is effective, the Supreme Court will have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which arises out of or is connected with the terms of the Scheme of Arrangement or its implementation or out of any action taken or omitted to be taken under the Scheme of Arrangement or in connection with the administration of the Scheme of Arrangement. An SDR Holder who wishes to enforce any rights under the Scheme of Arrangement after such time must notify VNV Bermuda in writing of its intention at least five business days prior to commencing a new proceeding. After the effective time of the Scheme of Arrangement, no SDR Holder may commence a proceeding against VNV Sweden or VNV Bermuda with respect to or arising from the Scheme of Arrangement except to enforce its rights under the scheme where a party has failed to perform its obligations under the scheme.

When under any provision of the Scheme of Arrangement after the effective time of the Scheme of Arrangement a matter is to be determined by VNV Bermuda, then VNV Bermuda will have discretion to interpret those matters under the Scheme of Arrangement in a manner that it considers fair and reasonable, and its decisions will be binding on all concerned.

VNV Bermuda may, subject to Swedish law constraints, consent to any modification of the Scheme of Arrangement on behalf of the SDR Holders that the Supreme Court determines to approve or impose.

#### Securities Law Consequences: Resale Restrictions

The Redomestication relates to the SDRs of a Bermuda company that is a “foreign private issuer” (as defined under Rule 3b-4 under the US Securities Exchange Act of 1934, as amended (the “**US Exchange Act**”)) and is being made by means of a Scheme of Arrangement provided for under Bermuda law. A transaction effected by means of a Scheme of Arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Redomestication is primarily subject to the disclosure requirements and practices applicable in Bermuda to schemes of arrangement, which differ from the disclosure requirements of the United States tender offer and proxy solicitation rules.

The securities referred to in this explanatory statement have not been registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act. There will be no public offering of securities in the United States.

The issuance of shares pursuant to the Redomestication and Scheme of Arrangement will not be registered under the US Securities Act, and will be issued pursuant to the exemption provided by Section 3(a)(10) under the US Securities Act.

Neither the US Securities and Exchange Commission, nor any US state securities commission, has approved or disapproved of the shares to be issued in connection with the Redomestication and Scheme of Arrangement, or determined if this explanatory statement is accurate or complete. Any representation to the contrary is a criminal offense in the United States.

#### Effective Date

If the Scheme of Arrangement is approved by the requisite SDR Holder vote and the conditions to the consummation of the Scheme of Arrangement are satisfied, we anticipate that the Scheme of Arrangement will become effective as soon as practicable following approval of the Supreme Court at the Sanction Hearing scheduled for 18 May 2020, upon our filing of the court order sanctioning the Scheme of Arrangement with the Bermuda Registrar of Companies. The VNV Sweden shares will be distributed to shareholders through Euroclear following the filing of the court order with the Bermuda Registrar of Companies. Trading in the VNV Sweden share on Nasdaq Stockholm is expected to occur in connection therewith. We currently expect to complete the Scheme of Arrangement as soon as practicable after the Sanction Hearing.

In the event the conditions to the Scheme of Arrangement are not satisfied, the Scheme of Arrangement may be abandoned or delayed, even after approval by our SDR Holders and the Supreme Court at the Sanction Hearing. If conditions to the Scheme of Arrangement are not satisfied or waived on or before



5:00 p.m. (Bermuda time) on the date nine months after the date on which the Scheme of Arrangement becomes effective, or such later date as agreed by VNV Bermuda and sanctioned by the Supreme Court, the Scheme of Arrangement will lapse by its terms. In addition, under Bermuda law, the Scheme of Arrangement may be abandoned or delayed for any reason by our board of directors at any time prior to the Sanction Hearing. However, VNV Bermuda has determined that, subject to satisfaction of the conditions to the Scheme of Arrangement, it will not terminate and abandon the Scheme of Arrangement following the approval of the Scheme of Arrangement by the SDR Holders.

#### Corporate governance of VNV Sweden

When the Redomestication is completed, VNV Sweden will be a Swedish public limited liability company with its shares listed on Nasdaq Stockholm. Its corporate governance will be based on Swedish law and internal rules and instructions and the Company will also comply with Nasdaq Stockholm's Rule Book for Issuers and apply the Swedish Corporate Governance Code (the "**Code**"). The Code applies to all Swedish companies with shares listed on a regulated market in Sweden and shall be fully applied in connection with the listing of a company. The Company is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (according to the so-called "comply or explain principle").

VNV Sweden will apply the Code from the time of the listing of the shares on Nasdaq Stockholm. Any deviation from the Code will be reported in VNV Sweden's corporate governance report, which will be prepared for the 2020 financial year. Currently, VNV Sweden expects to deviate from the Code in that it does not have an internal audit function as prescribed by the Code.

The main principles of corporate governance in the Company are described below. For the avoidance of doubt, the description of the corporate governance when referring to VNV Sweden specifically, are based on current proposals that will be resolved at one or several general meetings in VNV Sweden during the first half of 2020.

**General meeting.** According to the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*), the general meeting is VNV Sweden's ultimate decision-making body. The task of the general meeting (and in some cases the annual general meeting solely) is to report on the financial results and take decisions on corporate matters, including payment of dividends and amendments to the articles of association. The general meeting also appoints members of the board of Directors and auditors, and determines the remuneration of the board of directors and the auditors.

The annual general meeting must be held within six months from the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to the articles of association, general meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on VNV Sweden's website. At the time of the notice convening the meeting, information regarding the notice shall be published in a Swedish newspaper.

**Right to participate in general meetings.** Shareholders who wish to participate in a general meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling five workdays (wherein Saturday is counted as a workday) prior to the meeting, and notify VNV Sweden of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the general meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the general meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all shares in VNV Sweden owned or represented by the shareholder.

**Shareholder initiatives.** Shareholders who wish to have a matter brought before the general meeting must submit a written request to the board of directors. Such request must normally be received by the board of directors no later than seven weeks prior to the general meeting.

**Nomination committee.** Companies applying the Code, which will be the case for VNV Sweden, shall have a nomination committee. According to the Code, the general meeting shall appoint the members of the nomination committee or resolve on procedures for appointing the members. The nomination committee shall, pursuant to the Code, consist of at least three members of which a majority shall be independent in relation to VNV Sweden and management. In addition, at least one member of the nomination committee shall be independent in relation to the largest shareholder in terms of voting rights or group of shareholders who cooperates in terms of VNV Sweden's management.

A nomination committee shall be established consisting of representatives from the three largest holders of depository receipts in the Company or shares in the Swedish Company (should the Redomestication be completed prior to the general meeting in the Swedish Company resolving on such item). The ownership shall be based on the statistics from Euroclear Sweden AB over holders of depository receipts in the Company (or shares in the Swedish Company) as per the last business day in August 2020. The names of the members of the nomination committee shall be announced as soon as they have been appointed, which shall take place no later than 15 September 2020. In case of a material change in ownership prior to completion of the work to be performed by the nomination committee, it shall be possible to change the composition of the nomination committee. The nomination committee's mandate period extends up to the appointment of a new nomination committee. The nomination committee shall appoint a chairman among its members. If the representatives cannot agree upon appointment of chairman, the representative representing the holder of depository receipts in the Company (or shares in the Swedish Company) with the largest number of votes shall be appointed as chairman. The nomination committee shall prepare proposals for the following decisions at the annual general meeting in 2021: (i) election of the chairman for the meeting, (ii) election of directors, (iii) election of the chairman of the board of directors, (iv) remuneration to the directors, (v) election of the auditors and (vi) compensation to the auditors, and (vii) proposal for how to conduct the nomination process for the annual general meeting in 2022.

**Board of directors.** The board of directors is the second-highest decision-making body of VNV Sweden after the general meeting. The board of directors will adopt decisions on overall issues affecting the Vostok New Ventures group which include preparing and issuing investment recommendations to the board of the subsidiary. The board of directors' primary duties will be the organization of the Swedish Company and the management of the Swedish Company's operations including:



- Decisions regarding the focus of the business and adoption of company policies;
- Supply of capital;
- Appointment and regular evaluation of the work of the managing director and company management;
- Approval of the reporting instructions for the company management;
- Ensuring that the company's external communications are open, objective and appropriate for target audiences;
- Ensuring that there is an effective system for follow-up and control of the company's operations and financial position vis-à-vis the established goals; and
- Follow-up and monitoring that the operations are carried out within established limits in compliance with laws, regulations, stock exchange rules, and customary practice on the securities market.

Members of the board of directors are normally appointed by the annual general meeting for the period until the end of the next annual general meeting.

According to the Code, the chairman of the board of directors is to be elected by the general meeting and have a special responsibility for leading the work of the board of directors and for ensuring that the work of the board of directors is efficiently organized.

The board of directors will meet according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the board of directors and the managing director will continuously discuss the management of VNV Sweden.

VNV Sweden's board of directors will consist of six ordinary members elected by the general meeting, reflecting the current board of directors in VNV Bermuda.

**Audit committee.** VNV Sweden will have an audit committee consisting of two members: Lars O Grönstedt and Josh Blachman (Chair). The audit committee is responsible for reviewing the financial reports issued by VNV Sweden, including the four quarterly reports as well as the annual report, and for addressing any critical accounting issues, including: (i) matters of internal control and application of relevant accounting principles and laws; (ii) any uncertainties in presented values, changes in estimates and appraisals; (iii) significant events after the reporting period; (iv) proposals for addressing established irregularities; (v) discussing any other issues that might affect the quality of the Company's reporting. The audit committee shall on a continuous basis (at least once a year) meet with the Swedish Company's auditors to stay informed of the direction and extent of the audit. The audit committee and the auditors shall also discuss the coordination between internal control and external audit and the auditors' views on potential risks to the Swedish Company's quality of reporting. The audit committee shall on an annual basis in connection with the end of the financial year, evaluate the performance by the Swedish Company's auditors. They shall inform the nomination committee of the result of the valuation, to be considered when they nominate auditors for the Annual General Meeting. The audit committee shall further assist the nomination committee in the process of nominating auditors and proposing the remuneration for the auditors. In addition to the tasks mentioned above, the audit committee shall also verify the valuations of non-listed equity investments performed by management prior to each quarterly report.

**Compensation committee.** VNV Sweden will have a compensation committee consisting of two members: Lars O Grönstedt (chairman) and Keith Richman. The main task of the compensation committee will be to review and propose amendments to the remuneration principles as well as to propose for the board of directors' consideration the structure and size of the company's long-term incentive programs and other variable remuneration as well as the annual remuneration of the managing director.

**The managing director and other executive management.** The managing director is subordinated to the board of directors and will be responsible for the everyday management and operations of VNV Sweden. The division of work between the board of directors and the managing director will be set out in the rules of procedure for the board of directors and the managing director's instructions. The managing director is also responsible for the preparation of reports and compiling information for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the managing director will be responsible for the financial reporting in VNV Sweden and consequently must ensure that the board of directors receives adequate information for the board of directors to be able to evaluate VNV Sweden's financial condition.

The managing director must continuously keep the board of directors informed of developments in VNV Sweden's operations, the development of investment business, VNV Sweden's result and financial condition, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to VNV Sweden's shareholders.

**Guidelines for executive remuneration.** The following guidelines have been proposed to the annual general meeting in VNV Bermuda to be held on 12 May 2020. If the proposal is approved by the required majority of SDR Holders, equivalent guidelines will be adopted and applied in VNV Sweden in connection with the Redomestication.

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These guidelines shall apply to the executive management of Vostok New Ventures Ltd. They shall also apply to any remuneration paid to Board members for work above and beyond their duties as directors. The guidelines are forward-looking, i.e., they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting.

*The guidelines' promotion of the company's business strategy, long-term interests and sustainability*

The Company's business strategy is to use its experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation. The sector mandate is broad and the proposition is to create shareholder value by investing in assets that are associated with risks which Vostok New Ventures is well-equipped to manage. Such typical risks include corporate governance risks, liquidity risks and operational risks.

For more information regarding the company's business strategy, please see [www.vostoknewventures.com](http://www.vostoknewventures.com).

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is the Company's ability to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the executive management a competitive total remuneration.

Long-term share-related incentive plans have been implemented in the Company. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. The long-term share-related incentive plan proposed by the Board of Directors and submitted to the annual general meeting 2020 for approval (LTIP 2020) is excluded for the same reason. The proposed plan essentially corresponds to the plan adopted at the 2019 annual general meeting (LTIP 2019). The plans include all permanent employees of the Company. The performance criteria used to assess the outcome of the plans are distinctly linked to the business strategy and thereby to the Company's long-term value creation, including its sustainability. At present, these performance criteria comprise average annual development of the Company's net asset value over the lifetime of the programs, subject to market-based adjustments. The plans are further conditional upon the participant's own investment and holding periods of several years. For more information regarding LTIP 2019, including the criteria which the outcome depends on, please see the Company's annual report for the financial year 2019, Note 22 to the financial statements.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

#### *Types of remuneration, etc.*

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on share or share price-related remuneration as well as other forms of remuneration without limitation.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 100 per cent of the fixed annual cash salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance and one-time highly remarkable achievements and results. Such remuneration may not exceed an amount corresponding to 200 per cent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Compensation Committee.

For the CEO and other executives, pension benefits, including health insurance (Sw. *sjukförsäkring*), shall be premium-defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance (Sw. *sjukvårdsförsäkring*) and partial compensation for loss of salary in connection with parental leave. Such benefits may amount to not more than 50 per cent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### *Termination of employment*

Upon termination of an employment, the notice period may not exceed twelve months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for one year for the CEO and one year for other executives. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

#### *Criteria for awarding variable cash remuneration, etc.*

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. These criteria may be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the Company's business strategy and long-term interests, including its sustainability, e.g., by being clearly linked to the business strategy or to promoting the executive's long-term development.

The extent to which the criteria for awarding variable cash remuneration have been satisfied shall be evaluated/determined when the measurement period has ended. The Compensation Committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

#### *Salary and employment conditions for employees*

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account. Factors such as the employees' total income, the components of the remuneration and increase and growth rate over time, have further informed the Compensation Committee's and the Board of Directors' decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

#### *The decision-making process to determine, review and implement the guidelines*

The Board of Directors has established a Compensation Committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Compensation Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the Compensation Committee are independent of the Company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

### *Derogation from the guidelines*

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Compensation Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

### *Information on derogations from the remuneration guidelines resolved by the annual general meeting 2019*

No derogations from the guidelines resolved by the annual general meeting have been noted during 2019.

**Internal Control.** Internal control comprises the control of VNV Sweden's and the Vostok New Ventures group's organization, procedures and support measures. The objective is to ensure that reliable and accurate financial reporting takes place, that VNV Sweden's and Vostok New Ventures group's financial reporting is prepared in accordance with law and applicable accounting standards, that VNV Sweden's assets are protected and that other requirements are fulfilled. The system for internal control is also intended to monitor compliance with VNV Sweden's and Vostok New Ventures group's policies, principles and instructions. Internal control also comprises risk analysis and follow-up of incorporating information and business systems. Risk assessment of strategic, compliance, operational and financial risks shall be performed annually by the managing director and presented to the board of directors.

The board of directors will be responsible for internal control. Processes managing the business and delivering value shall be defined within the business management system. The managing director is responsible for the process structure within the Vostok New Ventures group.

A self-assessment of minimum requirements of defined controls mitigating identified risks for each business process shall annually be performed and reported to the board of directors. The managing director is responsible for the self-assessment process, which is facilitated by the finance function. In addition, the finance function performs reviews of the risk and internal controls system according to plan agreed with the board of directors.

**Auditing.** The auditor shall review VNV Sweden's annual reports and accounting, as well as the management of the board of directors and the managing director. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the annual general meeting.

VNV Sweden shall have not less than one and not more than two auditors, with or without deputy auditors. VNV Sweden's auditor is PricewaterhouseCoopers AB, with Bo Hjalmarsson as auditor in charge.

### Required Vote; Board Recommendation

The Scheme Meeting will be conducted in accordance with the directions of the Supreme Court. Abstentions and broker non-votes will not be considered "present and voting" for the purposes of the

statutory majority required under section 99 of the Companies Act, and will not be considered votes cast on any of the other proposals brought before, the Scheme Meeting.

The Scheme of Arrangement requires the affirmative vote of a majority in number of SDR Holders present at the meeting, whether in person or by proxy, representing 75% or more in value of the common shares present or represented by proxy at the meeting. Our board of directors has unanimously approved the Scheme of Arrangement and recommends that SDR Holders vote FOR the Scheme.

#### Regulatory Matters

The Swedish Securities Council (the “**SSC**”) has granted Vostok New Ventures an exemption from applying Section V of the Takeover Rules to the Redomestication. The SCC’s statement (AMN 2020:09) is available on the SSC’s website [www.aktiemarknadsnamnden.se](http://www.aktiemarknadsnamnden.se).

We are not aware of any other governmental approvals or actions that are required to complete the Redomestication.

#### No Appraisal Rights

Under Bermuda law, none of the shareholders of VNV Bermuda has any right to an appraisal of the value of their shares or payment for them in connection with the Scheme of Arrangement.

#### No Action Required to Cancel VNV Bermuda Shares and Receive VNV Sweden Shares

Assuming the Scheme of Arrangement becomes effective, the underlying common shares of VNV Bermuda represented by your SDRs will be cancelled and you will receive shares in VNV Sweden without any action on your part. All of VNV Sweden’s shares will be provided in book-entry form. Euroclear Sweden will make the electronic book-entry of shares to the same account where your SDRs were previously held.

#### Dividend Policy

During the year ended 31 December 2019, VNV Bermuda declared no dividend. No changes to the dividend policy are anticipated in connection with the Redomestication.

Any future declaration and payment of any cash dividends by VNV Sweden following the completion of the Redomestication will:

- depend upon its results of operations, financial condition, cash requirements and other relevant factors;
- be subject to shareholder approval;
- be subject to restrictions contained in our credit facilities and other debt covenants; and
- be subject to other restrictions on dividends imposed by Swedish law.

For a description of restrictions on dividends imposed by Swedish law, see section “*Description of the shares in the Swedish Company*”.

### Stock Exchange Listing

VNV Bermuda's SDRs are currently listed on Nasdaq Stockholm. There is currently no established public trading market for the common shares of VNV Sweden. As soon as reasonably practicable following the consummation of the Scheme of Arrangement, we intend to apply for the listing on Nasdaq Stockholm of the common shares of VNV.

### Super senior revolving credit facility (Super Senior RCF)

VNV Bermuda has on 8 April 2020 obtained the approval of the lender under the Super Senior RCF for the purpose of, *inter alia*, carrying out the Redomestication and amending the finance documents for the Super Senior RCF to allow VNV Sweden to assume the obligations and status as borrower under the Super Senior RCF. Any amendments to the finance documents for the Super Senior RCF agreement will be subject to, and only be effective upon, the consummation of the Redomestication.

### Senior Bonds

VNV Bermuda has sought the approval of the holders of the Senior Bonds at a bondholders' meeting to be held by way of written procedure to be concluded on or before 4 May 2020, for the purpose of, *inter alia*, carrying out the Redomestication and amending the finance documents for the Senior Bonds to allow VNV Sweden to assume the obligations and status as issuer under the Senior Bonds. We expect to receive such approval on or about 4 May 2020 and any decisions taken at such bondholders' meeting and any amendments to the finance documents for the Senior Bonds will be subject to, and only be effective upon, the consummation of the Redomestication.

### Interests of Certain Persons in the Redomestication

Our executive officers and directors as a group beneficially own 1.5% of our issued and outstanding common shares. We are not aware of such executive officers and directors having any different, or additional, interests in the Redomestication other than those of other SDR Holders.



## DESCRIPTION OF THE SHARES IN THE SWEDISH COMPANY

The following description of VNV Sweden's shares is a summary. This summary is not complete and is subject to the complete text of VNV Sweden's proposed articles of association as well as other Swedish corporate law. Except where otherwise indicated, the description below reflects VNV Sweden's articles of association as that document will be in effect upon completion of the Redomestication.

### Capital Structure

VNV Sweden is intended to have common shares and LTIP plan shares. The LTIP plan shares of VNV Sweden are intended to reflect the LTIP plan shares of VNV Bermuda, consisting of the LTIP 2019 plan shares as well as LTIP 2020 plan shares. The issuance of LTIP 2020 plan shares are subject to the approval by the SDR Holders at the annual general meeting in VNV Bermuda to be held on 12 May 2020. Further and as required by the Swedish Companies Act, VNV Sweden will, following the Redomestication, as necessary seek the approval of the shareholders of VNV Sweden for the implementation of and the delivery of shares in accordance with the current incentive programs in VNV Bermuda.

**Issued Share Capital.** As of 23 April 2020, the share capital of VNV Sweden amounted to SEK 100,000, composed of 1,000 common shares with a quota value of SEK 100 per common share. In connection with the Redomestication, a share split of the current outstanding common shares is intended to be carried out in order to ensure that one common share of VNV Sweden may be delivered to SDR Holders for each SDR representing a common share in VNV Bermuda.

**Increases of Share Capital.** Pursuant to Ch. 11 Sec. 1 of the Swedish Companies Act ("**SCA**"), VNV Sweden may increase its share capital in any of the following ways:

- i. An amount is added to the share capital through a bonus issue. Provisions thereof are set forth in Ch. 12 of the SCA.
- ii. Subscription for new shares in exchange for payment pursuant to a resolution regarding a new issue of shares. Provisions thereof are set forth in Ch. 13 of the SCA.
- iii. Subscription for new shares in exchange for payment upon the exercise of warrants issued by the company. Provisions thereof are set forth in Ch. 14 of the SCA.
- iv. Issuance of new shares in exchange for convertible instruments issued by the company. Provisions thereof are set forth in Ch. 15 of the SCA.

Resolutions regarding bonus issues, new issues of shares or issues of warrants or convertible instruments (*issue resolutions*) are resolved by the general meeting. Resolutions regarding new issues of shares or issues of warrants or convertible instruments may also be adopted by the board of directors pursuant to Ch. 13, Sec. 31–38, Ch. 14, Sec. 24–31 and Ch. 15, Sec. 29–36 (see Ch. 11 Sec. 2 of the SCA) (after authorization or subsequent approval from the general meeting).

Where a proposal regarding an issue resolution is not compatible with the articles of association, a resolution regarding necessary alterations of the articles of association must be adopted before the general meeting adopts any resolution with respect to the issue (see Ch. 11 Sec. 2 of the SCA).



**Authorized Share Capital.** As of 23 April 2020 and according to VNV Sweden's current articles of association, the share capital may not be lower than SEK 100,000 and not higher than SEK 400,000.

**Treasury Shares.** As of 23 April 2020, no treasury shares are held by VNV Sweden. VNV Sweden will, following the Redomestication, as necessary seek the approval of the shareholders of VNV Sweden for the implementation of and the delivery of shares in accordance with the current incentive programmes programs in VNV Bermuda. Such delivery may be carried out by providing participants in the incentive programs with treasury shares, including 749,700 treasury SDRs currently held by VNV Bermuda which will be converted to shares in VNV Sweden following the Redomestication.

#### Pre-emptive Rights and Advance Subscription Rights

It is intended that VNV Sweden's articles of association will include standardised provisions for the pre-emptive rights and advance subscription rights of shareholders, substantially in accordance with the following.

If VNV Sweden resolves on an issue of common shares and of all LTIP plan shares against other payment than contribution in kind, each holder of common shares and LTIP plan shares will have preferential rights to subscribe for new shares of the same class in proportion to the number of shares previously held by such holder (primary preferential rights). Shares not subscribed for with primary preferential rights should be offered for subscription to all shareholders in the company (subsidiary preferential rights). If the number of shares so offered is less than the number subscribed for with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of shares already held, or, to the extent that this is not possible, by lot.

If VNV Sweden resolves on an issue solely of common shares or any LTIP plan shares, against other payment than contribution in kind, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe for new shares in proportion to the number of shares previously held.

If VNV Sweden resolves on an issue of warrants or convertibles, against other payment than contribution in kind, the above stated regarding the shareholders' preferential rights should apply *mutatis mutandis*.

The stipulations in the sections above should not infringe on the possibility to resolve on an issue in which the preferential rights of shareholders are waived.

In the event of a share capital increase by a bonus issue including issuance of new shares, new shares shall be issued pro rata to the number of shares previously issued within that share class. Thereby, shares of a specific class entitles to new shares of the same class. Following a requisite amendment in the articles of association, the aforementioned stipulation shall not infringe on the possibility to issue shares of a new class by a bonus issue.

#### Dividends

Under Swedish law, dividends may be paid out only if the conditions in Ch. 17 and 18 of the SCA are fulfilled.

Pursuant to Ch. 18 Sec. 1 of the SCA, resolutions regarding distributions of profits shall be adopted by the general meeting, usually following a proposal from the board of directors. The general meeting may resolve upon the distribution of a larger amount than proposed or approved by the board of directors only where (i) such an obligation exists in accordance with the articles of association or (ii) the distribution was resolved upon at the request of a minority pursuant to Ch. 18 Sec. 11 of the SCA.

Pursuant to Ch. 17 Sec. 1 of the SCA, dividends are to be seen as a value transfer from the company. Pursuant to Ch. 17 Sec. 3 of the SCA, a value transfer may not take place where, after the transfer, there is insufficient coverage for the company's restricted equity. The calculation shall be based on the most recently adopted balance sheet taking into consideration changes in restricted shareholders' equity which have occurred subsequent to the balance sheet date.

Pursuant to Ch. 18 Sec. 11 of the SCA and upon request by the owners of not less than one-tenth of all shares, the annual general meeting shall resolve upon the distribution of one-half of the remaining profit for the year pursuant to the adopted balance sheet following deductions made for:

- i. losses carried forward that exceed unrestricted reserves;
- ii. amounts which, by law or the articles of association, must be transferred to restricted equity; and
- iii. amounts which, pursuant to the articles of association, shall be used for any purpose other than distribution to the shareholders.

Such request shall be submitted before the general meeting adopts a resolution regarding the allocation of the profits. The general meeting shall not be obliged to resolve upon a distribution in excess of five percent of the company's shareholders' equity and the distribution may not violate the provisions of Ch. 17 Sec. 3 of the SCA.

Special rules will apply for dividends to the LTIP plan shares in VNV Sweden, which will essentially mirror the current dividend restrictions for the 2019 Plan Shares (current) and 2020 Plan Shares (proposed) in VNV Bermuda's Bye-Laws.

### Repurchases of Shares

Under Swedish law, the main rule is that limited companies may not repurchase their own shares (Ch. 19 Sec. 4 SCA). However, there are exceptions. Pursuant to Ch. 19 Sec. 5 SCA, a company may:

- i. acquire its own shares for which payment shall not be made;
- ii. acquire its own shares which are included in business operations which are acquired by the company, where the shares represent a small portion of the company's share capital;
- iii. redeem its own shares in accordance with Ch. 25, Sec. 22;
- iv. purchase at auction its own shares which have been subject to a levy of execution in respect of the company's claim;
- v. acquire its own shares pursuant to Ch. 4, Sec. 50, first paragraph (SFS 2009:565).

A public company whose shares are traded on a regulated market such as Nasdaq Stockholm may, in addition to the provisions of Section 5 above, acquire its own shares pursuant to the provisions of Ch. 19 Sec. 14 and 15. Section 14 and 15 prescribes that a public company may not acquire its own shares

to the extent that the company's holding of its own shares following the acquisition would exceed one-tenth of all shares in the company and that such acquisitions may only take place on (i) a regulated marketplace (such as Nasdaq Stockholm), on (ii) a marketplace comparable to a regulated marketplace outside of the European Economic Area following authorisation by the Swedish Financial Supervisory Authority or (iii) in accordance with an offer to purchase which has been directed to all shareholders or all holders of a particular class of shares.

### Reduction of Share Capital

Under Swedish law (Ch. 20 Sec. 1 of the SCA), the share capital may be reduced:

- i. to cover losses where unrestricted shareholders' equity equal to the loss is not available;
- ii. for allocation to unrestricted shareholders' equity; and
- iii. for repayment to the shareholders.

The share capital may also be reduced pursuant to a clause in the articles of association.

A reduction of the share capital may be effected with or without retirement of shares (Ch. 20 Sec. 2 of the SCA).

A resolution regarding a reduction of the share capital shall be adopted by the general meeting unless otherwise prescribed in the articles of association in such cases as referred to in Sec. 31 (Ch. 20 Sec. 3 of the SCA).

Where a proposed resolution regarding a reduction of the share capital is not compatible with the articles of association, a resolution regarding necessary alterations of the articles of association must be adopted before the general meeting resolves on the reduction. (Ch. 20 Sec. 4 of the SCA).

A resolution regarding a reduction of the share capital may not be adopted before the company has been registered (Ch. 20 Sec. 4 of the SCA).

A resolution by the general meeting regarding a reduction of the share capital shall be valid only where supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the meeting (Ch. 20 Sec. 5 of the SCA).

Where the company has several classes of shares, the provisions of the first paragraph shall also be applied with respect to each class of shares represented at the general meeting in respect of which the rights carried by the shares are prejudiced by the resolution. (Ch. 20 Sec. 5 of the SCA).

For a company in which the share capital may be set at a lower or higher amount without alteration of the articles of association, a clause may be included in the articles of association pursuant to which the share capital may be reduced through redemption of shares (*redemption clause*). The clause may not be formulated in such a manner that the share capital can be reduced to below the minimum share capital. (Ch. 20 Sec. 31 of the SCA).

A redemption clause shall state the procedure for redemption as well as the redemption amount or the principles for the calculation thereof. (Ch. 20 Sec. 31 of the SCA).

Where the clause is included through an alteration of the articles of association, it may only relate to shares subscribed for or issued after the alteration has been registered. (Ch. 20 Sec. 31 of the SCA).

Ch. 7 Sec. 40 shall apply in conjunction with a resolution of the general meeting regarding a reduction in share capital pursuant to a redemption clause. (Ch. 20 Sec. 32 of the SCA).

### General Meetings of Shareholders

The general meeting of shareholders is VNV Sweden's supreme corporate body. Ordinary and extraordinary shareholders meetings may be held. The following powers will, *inter alia*, be vested exclusively in the general meeting:

- Election of the board of directors. The board of directors shall be appointed by the general meeting. The articles of association may prescribe that one or more members of the board of directors shall be appointed in another manner. The right to appoint members of the board of directors may not be delegated to the board of directors or to a member of the board of directors (Ch. 8 Sec. 8 of the SCA). In a public company, more than one-half of the members of the board of directors shall be appointed by the general meeting (Ch. 8 Sec. 47 of the SCA).
- Pursuant to Ch. 7 Sec 11 of the SCA:
  - i. Adoption of the profit and loss account and balance sheet and, for a parent company which is obliged to prepare group accounts, the consolidated profit and loss account and consolidated balance sheet.
  - ii. allocation of the company's profits and losses as set forth in the adopted balance sheet.
  - iii. discharge from liability for members of the board of directors and the managing director and;
  - iv. other matters to be addressed by the general meeting pursuant to this Act or the articles of association.
- Pursuant to Ch. 7 Sec 61 of SCA: In a company whose shares are admitted to trading on a regulated marketplace in Sweden, the annual general meeting shall adopt resolutions regarding guidelines for compensation to senior management. The guidelines shall have the content set forth in Ch. 8, Sec. 51, first paragraph and Sec. 52, first paragraph of the SCA.

Timing of notice to attend general meetings of certain public companies:

- Notice to attend an ordinary general meeting shall be issued not earlier than six weeks and not later than four weeks prior to the general meeting (Ch. 7 Sec. 18 of the SCA).
- Notice to attend an extraordinary general meeting at which the issue of alterations of the articles of association is to be addressed shall be issued not earlier than six weeks and not later than four weeks prior to the meeting (Ch. 7 Sec. 19 of the SCA).
- In a public company whose shares are traded on a regulated marketplace such as Nasdaq Stockholm, notice to attend an extraordinary general meeting other than as referred to in section 19 shall be issued not earlier than six weeks and not later than three weeks prior to the general meeting (Ch. 7 Sec. 55a of the SCA).

## Voting

Under the SCA, a shareholder may vote for all the shares owned or represented, unless otherwise prescribed in the articles of association (Ch.7 Sec. 8 of the SCA).

Each VNV Sweden common share carries one vote at a general meeting of shareholders. LTIP plan shares in VNV Sweden are intended to carry one-tenth of a vote at general meetings of shareholders.

The right to participate at general meetings (and thereby the right to vote) shall vest in any person who is listed as a shareholder in such a printout or other presentation of the share register ahead of the general meeting (Ch. 7 Sec. 2 and 28 of the SCA).

## Quorum for General Meetings

There is no quorum-rule under the SCA with respect to general meetings.

## Inspection of Books and Records

Pursuant to Nasdaq Stockholm Rule Book for Issuers, issuers shall prepare and disclose all financial reports/statements pursuant to accounting legislation and regulations applicable to the issuer. Issuers primarily admitted to trading on Nasdaq Stockholm shall disclose one annual financial statement release and interim statements quarterly (Rule 3.3.2). Such shall be held available on its website (Rule 3.2).

Upon request by any shareholder and where the board of directors believes that such may take place without significant harm to the company, the board of directors and managing director shall also provide information at the general meeting in respect of the following: (i) any circumstances which may affect the assessment of a matter on the agenda; and (ii) any circumstances which may affect the assessment of the company's financial position (at a general meeting at which the annual report or, where applicable, the group accounts are addressed) (Ch. 7 Sec. 32, first paragraph, and Sec. 57 of the SCA).

In a company which is included in a group, the duty to provide information shall apply also to the company's relationship to other group companies. Where the company is a parent company, the duty to provide information shall also apply to the group accounts and such circumstances regarding subsidiaries as specified in the first paragraph (Ch. 7 Sec. 32, second paragraph of the SCA).

## Special Investigation

Pursuant to Ch. 10 Sec. 21 of the SCA, a shareholder may submit a proposal for an examination through a special examiner. Such an examination may relate to:

- i. the company's management and accounts during a specific period of time in the past; or
- ii. certain measures or circumstances within the company.

A proposal pursuant to such section shall be submitted at an ordinary general meeting or at the general meeting at which such matter is to be addressed pursuant to the notice to attend the general meeting. Where the proposal is supported by owners of at least one-tenth of all shares in the company or at least one-third of the shares represented at the general meeting, the Swedish Companies Registration Office shall, upon request by a shareholder, appoint one or more special examiners. The Companies

Registration Office shall afford the company's board of directors the opportunity to submit its comments prior to the appointment of a special examiner (Ch. 10 Sec. 22 of the SCA).

The special examiner shall submit a report regarding his or her examination. The report shall be made available and sent to the shareholders in the manner stated in Ch. 7 Sec. 25 and shall be presented at a general meeting. A person who is no longer a shareholder but who was included in the voting register prepared for the general meeting at which the issue of the appointment of a special examiner was addressed shall have the same right as a shareholder to read the report of the special examiner (Ch. 10 Sec.23 of the SCA).

#### Compulsory Acquisitions; Appraisal Rights

Pursuant to Ch. 3 Sec. 1 of the Swedish Takeovers Act, any person who does not hold any shares, or hold shares representing less than three tenths of the voting rights in a Swedish limited liability company whose shares are admitted to trading on a regulated market, and who through the acquisition of shares in the target company, alone or together with a closely related party, holds shares representing three tenths or more of the voting rights for all of the shares in the target company is obliged to immediately disclose the size of his holding in the target company and, within four weeks thereafter, make an offer to acquire the remaining shares in the target company.

A shareholder who personally, or through a subsidiary, holds more than 90% of the shares in a Swedish limited liability company has the right to redeem the rest of the shares in the company. The owners of the rest of the shares have a corresponding right to have their shares redeemed by the majority shareholder. The formal procedure for the redemption of minority shares is regulated in Ch. 22 of the SCA.

In the event of a dispute regarding the purchase price for a share which is to be bought out, the purchase price shall be determined in such a manner that it corresponds to the price for the share which might be expected upon a sale under normal circumstances. With respect to a share which is traded on a regulated marketplace or a comparable marketplace outside of the European Economic Area, the purchase price shall correspond to the listed value, unless special grounds otherwise dictate (Ch. 22 Sec. 2 of the SCA).

#### Anti-Takeover Provisions

Pursuant to Ch. 5 Sec. 1 of the Swedish Takeovers Act; an issuer shall only be entitled to take measures which are intended to impair the conditions for the launching or implementation of the bid only following a resolution adopted by the general meeting. However, where special cause exists, the Swedish Financial Supervisory Authority may, following application, grant an exemption from the provisions regarding mandatory bids and defensive measures. An exemption may be conditional (Ch. 7 Sec. 5 of the Swedish Takeovers Act).

#### Legal Name; Formation; Fiscal Year; Registered Office

Legal Name: Vostok New Ventures AB<sup>7</sup>

Formation: Swedish public limited liability company

Fiscal year: 1 January – 31 December

Registered Office: Mäster Samuelsgatan 1, SE-111 44 Stockholm, Sweden.

#### Corporate Purpose

VNV Sweden is an investment company with the business concept of using experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation, with a focus on companies with network effects.

#### Duration; Dissolution; Right upon Liquidation

Upon dissolution of VNV Sweden, all common shares will have the same right to distribution of the company's assets. Special rules will apply for the LTIP plan shares in VNV Sweden, which will essentially mirror the current distribution restrictions for the 2019 Plan Shares (current) and 2020 Plan Shares (proposed) in VNV Bermuda's Bye-Laws.

#### Stock Exchange Listing

VNV Sweden will be listed on Nasdaq Stockholm.

#### Transfer and Registration of Ownership of Shares

Pursuant to Ch. 5 Sec. 1 of the SCA, a company shall have a share register. The share register shall contain any and all information regarding shares and shareholders as prescribed in the SCA. The purpose of the share register shall be:

- i. to constitute a basis for exercise of shareholders' rights vis-à-vis the company; and
- ii. to provide the company, shareholders and others with information in order to assess the ownership structure of the company.

Pursuant to Ch. 5 Sec. 11 of the SCA, the share register of a CSD company shall contain information regarding:

- i. each shareholder's name and personal ID number, company number or other identification number as well as postal address;
- ii. the number of shares held by each shareholder;
- iii. the number of shares of different classes held by each shareholder, where the company has shares of different classes; and
- iv. where applicable, the fact that the shares are subject to a clause.

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<sup>7</sup> Vostok New Ventures AB, Reg. No. 556677-7917, is intended to undergo a name change to VNV Global AB (publ).

VNV Sweden's shares will be registered in a CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register will be managed by Euroclear Sweden AB. Transfers and registration of ownership of shares will be handled by Euroclear Sweden AB together with associated issuer agents, banks, authorised to report trades between shareholders in VNV Sweden.



## DESCRIPTION OF CERTAIN TAX CONSIDERATIONS

The information presented under section “*Swedish Tax Considerations*” below is a discussion of the material Swedish tax consequences (1) for shareholders resident for tax purposes in Sweden of the Redomestication and (2) of the ownership and disposition of the VNV Sweden voting shares for shareholders resident for tax purposes in Sweden or a country outside of Sweden. The information presented under the sections “*US Tax Considerations*” and “*Bermuda Tax Considerations*” below is a discussion of the material US and Bermuda tax consequences of the Redomestication.

You should consult your own tax advisor regarding the applicable tax consequences of the Redomestication and of the ownership of the VNV Sweden shares under the applicable legislation, including the effect of a tax treaty.

### Swedish Tax Considerations

*Below is a summary of certain Swedish tax issues related to the Redomestication and the admission to trading of the shares in VNV Sweden on Nasdaq Stockholm for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information.*

*Special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on such shareholder’s particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Redomestication and the admission for trading of the shares on Nasdaq Stockholm.*

*The summary does not cover:*

- *situations where shares are held as current assets in business operations;*
- *situations where shares are held by a limited partnership or a partnership;*
- *situations where shares are held in an investment savings account (Sw. investeringssparkonto);*
- *the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in VNV Bermuda or VNV Sweden that are deemed to be held for business purposes (for tax purposes);*
- *the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies (Sw. fåmansföretag) or to shares acquired by means of such shares;*
- *foreign companies conducting business through a permanent establishment in Sweden; or*
- *foreign companies that have been Swedish companies.*

### **Taxation of Capital Gains**

*The exchange of SDRs in VNV Bermuda for shares of VNV Sweden is a taxable disposal of the SDRs in VNV Bermuda for Swedish tax purposes.*

## Private individuals

For private individuals resident in Sweden for tax purposes, capital gains are taxed in the capital income category. The tax rate in the capital income category is 30 percent.

The capital gain or the capital loss on the Redomestication is computed as the difference between the consideration (the fair market value of the shares in VNV Sweden), less selling expenses, and the acquisition value (of the SDRs). The acquisition value for all SDRs of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*), may be used at the disposal of listed SDRs/shares. This method means that the acquisition value may be determined as 20 percent of the consideration less selling expenses.

Capital losses on listed SDRs/shares and other listed securities taxed as shares may be fully offset against taxable capital gains the same year on SDRs/shares, as well as on listed securities taxed as shares (however not mutual funds, Sw. *värdepappersfonder*, or hedge funds, Sw. *specialfonder*, containing Swedish receivables only, Sw. *räntefonder*). Capital losses not absorbed by these set-off rules are deductible at 70 percent in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 percent of the net loss that does not exceed SEK 100,000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

VNV Sweden will apply for guidance from the Swedish Tax Agency on the taxable value of the shares in VNV Sweden to be used in the computation of a capital gain or loss.

## Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains, is taxed as income from business operations at a rate of 21.4 percent (to be decreased to 20.6% for financial years commencing after 31 December 2020). Capital gains and capital losses are calculated in the same way as for private individuals, described above.

Deductible capital losses on shares may only offset taxable capital gains on SDRs/shares and other securities taxed as SDRs/shares. A net capital loss on SDRs/shares that cannot be utilised during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset against taxable capital gains on SDRs/shares and other securities taxed as SDRs/shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on SDRs/shares and other securities taxed as SDRs/shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this treatment for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons (e.g. investment companies).

VNV Sweden will apply for guidance from the Swedish Tax Agency on the taxable value of the shares in VNV Sweden to be used in the computation of a capital gain or loss upon the Redomestication.

### ***Taxation of Dividends***

#### **Private individuals**

For private individuals resident in Sweden for tax purposes, dividends are taxed in the capital income category. The tax rate in the capital income category is 30 percent. Preliminary tax of 30% is withheld on dividends paid by Euroclear Sweden or by another legal entity domiciled in Sweden.

#### **Limited liability companies**

For limited liability companies (Sw. *aktiebolag*) all income, including dividends is taxed as income from business operations at a rate of 21.4% (to be decreased to 20.6% for financial years commencing after 31 December 2020).

#### **Shareholders that are not tax resident in Sweden**

For shareholders not resident in Sweden for tax purposes that receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30%. The tax rate is, however, generally reduced under an applicable tax treaty. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has the required information of the tax residency of the investor entitled to the dividend. Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30% has been withheld.

Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if they have been residents of Sweden due to a habitual abode in Sweden or a stay in Sweden for six consecutive months at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties.

### ***Transfer Tax***

There is no transfer tax payable in Sweden in connection with issuance, subscription or sale of shares.

## US tax considerations

Pursuant to advice provided by the Company's US counsel, it is the Company's preliminary understanding that the envisaged transaction is subject to the following taxation effects for US SDR Holders. The below described taxation effects does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular SDR Holder. Each SDR Holder should consult its own tax adviser with regard to the application of US federal tax laws to the SDR Holder's particular situation, as well as any tax consequences arising under the laws of any state, local or non-US taxing jurisdiction.

Based on currently available information, the Company does not believe that it is a Controlled Foreign Corporation ("**CFC**") under US tax law. The Company further assumes that VNV Sweden will also not be a CFC immediately following the exchange.

SDR Holders should also recognize that the following discussion generally does not take account of rules that may apply to holders that are subject to special treatment, including, without limitation, insurance companies, dealers in securities, certain retirement plans, financial institutions, tax exempt organizations, holders of securities held as part of a "straddle", "hedge" or "conversion transaction" with other investments and taxpayers whose functional currency is not the United States dollar. Further, the following discussion relating to SDR Holders owning directly, indirectly or by attribution, 10% or more of VNV Bermuda or owning any ownership percentage of a passive foreign investment company is general in nature and the consequences to such SDR Holders may be different than that described below.

- i. There should be no immediate US federal taxation for US SDR Holders provided that:
- ii. the transaction is structured to meet the criteria of an exclusively voting share for voting share exchange as prescribed by IRC 368(a)(1)(B),
- iii. the 5% US shareholders file a gain recognition agreement,
- iv. total US ownership post restructuring is less than 50%, and
- v. for those US SDR Holders who have not elected Qualified Electing Fund or Mark-to-Market treatment for their investment in the Company, VNV Sweden is taxable as a Passive Foreign Investment Company after the exchange.

Should the US ownership post restructuring be 50% or more:

- i. US SDR Holders who own less than 5% (vote/value) will not be subject to immediate taxation.
- ii. US SDR corporate shareholders holding 10% or more may be eligible to reduce the total amount taxed by the portion of the gain that is reclassified as a dividend. That amount could potentially qualify for the relatively new US participation exemption.

US participation exemption requires that the recipient is a domestic US Corporate shareholder that:

- i. owns at least 10% of a foreign corporation (by vote or value)
- ii. with respect to such recipient US Corporate shareholder, the foreign corporation is not a PFIC and is not also a Controlled Foreign Corp
- iii. the shareholder meets the holding period requirement of 366 days within the 731 period that straddles the ex-dividend date

- iv. The dividend is from undistributed foreign source income and not derived from income that is effectively connected to the US.
- v. The dividend is not classified as a hybrid dividend.

#### Bermuda Tax Considerations

The Redomestication will not result in any income tax consequences under Bermuda law to VNV Bermuda or VNV Sweden or their respective shareholders.

## COMPARISON OF SHAREHOLDER RIGHTS AND BOARD POWERS

Your rights as a holder of SDRs representing common shares of VNV Bermuda and the relative powers of VNV Bermuda's board of directors are governed by Bermuda law and VNV Bermuda's memorandum of association and bye-laws. After the Redomestication, you will become a shareholder of VNV Sweden, and your rights and the relative powers of VNV Sweden's board of directors will be governed by Swedish law and VNV Sweden's articles of association.

Many of the principal attributes of VNV Bermuda's common shares and VNV Sweden's voting shares will be similar. However, there are differences between your rights under Swedish law and under the corporate statutory and common law of Bermuda, which is modelled on certain provisions of the corporate statutory law of England and Wales and in respect of which the common law of England and Wales is highly persuasive authority as to questions of Bermuda law. In addition, there are differences between VNV Bermuda's memorandum of association and bye-laws and VNV Sweden's articles of association. Furthermore, the counterparts of some provisions that are included in VNV Bermuda's bye-laws are included in VNV Sweden's articles of association. As a result, VNV Sweden's board of directors will be able to amend these provisions without shareholder approval, which VNV Bermuda's board of directors is currently unable to do.

The following discussion is a summary of material changes in your rights resulting from the Redomestication. This summary is not complete and does not cover all of the differences between Swedish law and Bermuda law affecting companies and their shareholders or all the differences between VNV Bermuda's memorandum of association and bye-laws and VNV Sweden's articles of association. We believe this summary is accurate. It is, however, subject to the complete text of the relevant provisions of Swedish law, the Bermuda Companies Act 1981 (the Companies Act), VNV Bermuda's memorandum of association and bye-laws and VNV Sweden's articles of association. We encourage you to read those laws and documents. For information as to how you can obtain VNV Bermuda's memorandum of association, see *"Where You Can Find More Information"*.

### Capitalization

**VNV Bermuda.** As of the date of the Scheme Meeting, VNV Bermuda will have an authorised share capital of US\$110,000,000 divided into 456,233,333 common shares, of which 78,150,006 shares will be issued and outstanding (1,080,450<sup>8</sup> will be held in treasury), and 2,100,000 redeemable shares, issued to participants under VNV Bermuda's long-term incentive program approved at a VNV Bermuda special general meeting on 22 August 2019 ("**2019 Plan Shares**") with a par value of US\$0.24 per share. The board of directors of VNV Bermuda may authorize the issuance of additional shares up to the amount of the authorized capital without obtaining additional shareholder approval (subject to any applicable requirements of Nasdaq Stockholm). The board of directors of VNV Bermuda may also approve the issuance of partly paid and unpaid common shares, as well as fractional common shares.

**VNV Sweden.** Please see section *"Description of the shares in the Swedish Company"*.

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<sup>8</sup> As of the date of this explanatory statement, a total of 7,685,303 SDRs are held in treasury. 6,604,853 SDRs and the underlying common shares are intended to be cancelled prior to the Scheme Meeting. The remaining 1,080,450 SDRs consist of 330,750 SDRs that will be distributed to participants in LTIP 2017 during May 2020 and the remaining 749,700 SDRs are needed to fulfil VNV Bermuda's obligations under LTIP 2018 assuming maximum outcome, to be delivered by VNV Bermuda to the LTIP 2018 participants during May 2021.

### Preemptive Rights and Advance Subscription Rights

**VNV Bermuda.** Holders of VNV Bermuda common shares have a preferential right to purchase any securities of VNV Bermuda. Such preferential rights do not apply in the case of 2019 Plan shares or a new issue in consideration for contribution of non-cash property.

**VNV Sweden.** Please see section “*Description of the shares in the Swedish Company*”.

### Distributions and Dividends; Repurchases and Redemptions

**VNV Bermuda.** VNV Bermuda is required to present proposed dividends or distributions from contributed surplus to its shareholders for approval or adoption. Under the Companies Act, the board of directors of VNV Bermuda may not declare the payment of dividends or distributions from contributed surplus to the common shareholders if there are reasonable grounds for believing that:

- VNV Bermuda is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realizable value of VNV Bermuda's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Contributed surplus includes proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as a nominal capital and donations of cash and other assets of the company.

Under the Companies Act, shares of a Bermuda company may be redeemed or repurchased if so authorized by its bye-laws or memorandum of association, provided that:

- no such shares shall be repurchased or redeemed except out of the capital paid thereon, the funds of the company available for dividend or distribution, or out of the proceeds of a fresh issue of shares made for the purposes of redemption;
- the premium, if any, payable on redemption, is provided for out of VNV Bermuda's funds which would be otherwise available for dividend or distribution or out of VNV Bermuda's share premium account before the shares are repurchased or redeemed; and
- there are no reasonable grounds for believing that VNV Bermuda is, or after such redemption or repurchase would be, unable to repay its liabilities as they become due.

**VNV Sweden.** Please see section “*Description of the shares in the Swedish Company*”.

### Shareholder Approval of Business Combinations

**VNV Bermuda.** Bermuda law provides for a procedure known as scheme of arrangement that allows for compromises or arrangements between a company and its creditors or any class of them or between a company and its shareholders or any class of them. A scheme of arrangement relating to the common shareholders of a company is effected by the relevant Bermuda company applying for the consent of the Bermuda court to seek, and subsequently obtaining, the approval of holders of the common shares (1) representing a majority in number of the holders of common shares present and voting on the scheme of arrangement, whether in person or by proxy, and (2) representing 75% or more in value of the common shares present and voting on the scheme of arrangement, whether in person or by proxy, in each case



excluding any shares held by the acquiring party. If a scheme of arrangement relating to the common shares receives the approval of holders of common shares and is subsequently sanctioned by the Bermuda court, all holders of common shares of a company will be bound by the terms of the scheme of arrangement. VNV Bermuda's Bermuda counsel has advised that where the statutory procedures have been complied with, the Bermuda court is likely to sanction such a scheme of arrangement that has been approved by the requisite votes of shareholders in the absence of bad faith, fraud or unequal treatment of shareholders.

Bermuda companies may also engage in a business combination through the direct acquisition by an acquirer of the share capital of the Bermuda company. The Companies Act provides that when an offer is made for common shares of a Bermuda company and, within four months of the offer, the holders of not less than 90% of those shares accept, the offeror may, for two months after that four-month period, require the remaining common shareholders to transfer their common shares on the same terms as the original offer. In those circumstances, non-tendering shareholders will be compelled to sell their shares, unless within one month from the date on which the notice to compulsorily acquire was given to the non-tendering shareholder, the non-tendering shareholder is able to convince a Bermuda court to order otherwise.

The Companies Act also allows the holders of not less than 95% of the shares of any class of a company (referred to as the purchasers) to give notice to the remaining shareholders of such class of their intention to acquire the shares of the remaining shareholders on the terms set forth in the notice. When such notice is given, the purchasers are entitled to acquire the shares of the remaining shareholders and are bound by the terms set forth in the notice, unless a remaining shareholder applies to a Bermuda court for an appraisal of the value of the shares to be purchased from him or her within one month of receiving the notice. Within one month of the court appraising the value of the shares, which appraisal may not be appealed, the purchasers are entitled to acquire the remaining shares at the price fixed by the court or cancel the acquisition notice.

Under Bermuda law, two or more companies can amalgamate and continue as one company. The Companies Act provides for a Bermuda exempted company to amalgamate with (i) a Bermuda local company, (ii) a Bermuda exempted company, or (iii) a foreign corporation. In each case, the surviving entity can take the form of either of the amalgamating entities. The statutory threshold for approval of an amalgamation is 75% of shareholders voting at a special general meeting or such lower majority as is stipulated in the bye-laws of the company.

VNV Bermuda's bye-laws provide that a resolution to amend any of (i) the Memorandum of Association, (ii) the bye-laws, (iii) shareholders' preferential right to subscribe for new shares or equity-related securities or (iv) the rights attached to issued shares, must be approved by a general meeting with the support of two-thirds of the votes cast. Any other any matter submitted to the shareholders at a general meeting for approval, including for the amalgamation, merger or consolidation of the company with another company, or the sale, lease or exchange of all or substantially all of the assets of the company, must be approved by a majority of the votes cast.

Although VNV Bermuda's bye-laws contain the provision described above, Bermuda law does not impose a separate shareholder approval requirement for a sale of substantially all of a company's assets.

**VNV Sweden.** Pursuant to Ch. 23 Sec. 1 of the SCA, two or more companies may merge through all of the assets and liabilities of one or more of the companies being transferred to another company in exchange for consideration to the shareholders of the transferor company or companies (*merger*). Upon the merger, the transferor company or companies are dissolved without liquidation taking place.

A merger may take place:

- i. between the transferee company and one or more transferor companies (*absorption*); or
- ii. between two or more transferor companies through such companies forming a new transferee company (*consolidation*).

#### Other Anti-Takeover Measures

**VNV Bermuda.** Bermuda law does not expressly prohibit companies from issuing share purchase rights or adopting a shareholder rights plan. However, there is little case law on the enforceability of such plans under Bermuda law. In the adoption of such a plan, the following principles should be observed: (1) the directors take bona fide actions in the best interest of the company as a whole, (2) the powers of the directors are used for a proper purpose, (3) the directors exercise their powers fairly between shareholders and (4) the plan does not penalize any existing shareholders. Under VNV Bermuda's by-laws, VNV Bermuda's board of directors could authorize, without shareholder approval, the issuance of a preferred share purchase right to be attached to each outstanding common share with such terms and for such purposes, including the influencing of takeovers, as determined by the board of directors.

The board of directors of VNV Bermuda is also authorized, without obtaining any vote or consent of the holders of any class or series of shares unless expressly provided by the terms of a class or series, to issue from time to time any other classes or series of shares with the designations and relative powers, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or terms or conditions of redemption as it considers fit, provided that a new issue against the contribution of non-cash property or the set-off of claims may only be approved by the general meeting. The board of directors could authorize the issuance of preference shares with terms and conditions that could discourage a takeover or other transaction that holders of some or a majority of the common shares might believe to be in their best interests or in which holders might receive a premium for their shares over the then market price of the shares.

For other provisions that could be considered to have an anti-takeover effect, in addition to "Preemptive Rights" and "Advance Subscription Rights" above, see "Special Meetings of Shareholders", "Election of Directors; Staggered Terms of Directors", "Removal of Directors", "Amendment of Governing Documents", "Director Nominations; Proposals of Shareholders", "Voting Rights" and "Transfer and Registration of Ownership of Shares" below.

**VNV Sweden.** Please see section "*Description of the shares in the Swedish Company*".

## Appraisal Rights and Compulsory Acquisitions

**VNV Bermuda.** Under the Companies Act, a dissenting shareholder of a company participating in an amalgamation (other than an amalgamation between a company and its wholly-owned subsidiary or between two or more subsidiaries of the same holding company) may apply to the court to appraise the fair value of his or her shares. In connection with the compulsory transfer of shares to a 90% shareholder of a Bermuda company as described under shareholder Approval of Business Combinations, a minority shareholder may apply to the court within one month of receiving notice of the compulsory transfer objecting to that transfer. In connection with the compulsory transfer of shares to a 95% shareholder of a Bermuda company, a minority shareholder may apply to the court within one month of receiving notice of the compulsory transfer to have the value of his or her shares appraised by the court.

**VNV Sweden.** Please see section “*Description of the shares in the Swedish Company*”.

## Election of Directors; Staggered Terms of Directors

**VNV Bermuda.** VNV Bermuda’s bye-laws provide that the number of directors of VNV Bermuda shall be not less than three or more than fifteen. The board has the exclusive power to set the exact number of directors within that range. The board currently has six directors. The Companies Act does not contain provisions specifically related to classified boards of directors. However, VNV Bermuda’s bye-laws do not provide for a classified board of directors.

VNV Bermuda’s bye-laws provide that directors may be elected at a general meeting by a plurality of the votes cast by the shareholders present in person or by proxy at the meeting.

**VNV Sweden.** Pursuant to Ch. 8 Sec. 1 of the SCA, the board of directors shall be appointed by the general meeting. The articles of association may prescribe that one or more members of the board of directors shall be appointed in another manner. The right to appoint members of the board of directors may not be delegated to the board of directors or to a member of the board of directors. In a Swedish public limited company, more than one-half of the members of the board of directors shall be appointed by the general meeting (Ch. 8 Sec. 47 of the SCA). In addition, in a Swedish public limited company, the board of directors shall comprise not less than three members (Ch. 8 Sec. 46 of the SCA). Additional rules on the composition of the board of directors, based on the “comply or explain” principle, follow from the Code.

Pursuant to Ch. 3 Sec. 1 of the SCA, the bye-laws of VNV Sweden shall, among other things, state the number, or the minimum and maximum number, of members of the board of directors and the number, or the minimum and maximum number, of alternate directors, where such shall be appointed.

## Vacancies on board of directors

**VNV Bermuda.** VNV Bermuda’s bye-laws provide that a vacancy or a newly created directorship as proposed by VNV Bermuda’s board of directors shall be filled by the decision of a majority of the votes cast at a duly constituted meeting of the board at which a quorum is present.

**VNV Sweden.** Please see section “*Comparison of shareholder rights and board powers - Election of Directors; Staggered Terms of Directors*” above.

## Removal of Directors

**VNV Bermuda.** VNV Bermuda's bye-laws provide that a director may be removed if that director (i) becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health; (ii) becomes bankrupt or compounds with his creditors; or (iii) is prohibited by law from being a director.

**VNV Sweden.** If it is the general meeting that has appointed the board member, only the general meeting can remove the board member during the member's term of office (Ch. 8 Sec. 14 of the SCA). During a general meeting, a relative majority of shareholders then can block the person from electing themselves to the board again, since, under the SCA, board members are elected by getting the most votes (Ch. 7 Sec. 41 of the SCA).

## Alternate Directors

**VNV Bermuda.** Under the bye-laws of VNV Bermuda, no director has the right to appoint another person to act as his alternate director.

**VNV Sweden.** Pursuant to Ch. 8 Sec. 3 of the SCA, alternate directors may be appointed for board members, but that is not a requirement if there are more than three board of directors elected in the company (as mentioned above, it is a requirement that public limited companies have at least three board members).

## Duties of the board of directors

**VNV Bermuda.** The Companies Act includes a statutory duty of care, requiring directors to act honestly and in good faith with a view to the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition to the statutory duty of care, judicial precedent in Bermuda has defined the duties of a director as being the exercise of reasonable skill, care and diligence, to take actions in the bona fide best interests of the company, to exercise powers for proper purposes and to observe general standards of loyalty, good faith, and the avoidance of a conflict of duty and self-interest. In the absence of a developed body of Bermuda law in this regard, the principles outlined by English common law are highly persuasive in Bermuda courts. The standard of skill and care expected of a director of a Bermuda company may be summarized as follows:

Historically, the standard of care expected of directors in Bermuda was entirely subjective. In recent years the English and Commonwealth common law authorities have moved towards an objective test for the standard of skill and care that should be exercised by directors. It is likely that Bermuda courts will follow these authorities. In consequence, it is probable that the standard of care required to be met by the director of a Bermuda company is that of a reasonably diligent person having both (1) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to that company, and (2) the specific knowledge, skill and experience that such director actually has. In consequence, there is a minimum objective standard based upon the functions given to the director in question but the standard may be raised where the director in question has more knowledge, skill and experience than would normally be expected. In addition, and based on a growing body of judicial precedent in England and the Commonwealth, the

responsibilities of directors require that they take reasonable steps to place themselves in a position to guide and monitor the management of the company without relying blindly on the judgment of others. The foregoing notwithstanding, the duty of care is not absolute and it is still proper for directors to delegate management functions, especially in large companies such as VNV Bermuda.

Under the Companies Act, a director must observe the statutory duty of care, which requires such director to act honestly and in good faith with a view to the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Directors are also subject to common law fiduciary duties which require directors to act in good faith and in the best interests of the company and to exercise the powers and fulfill the duties of the office honestly and within the powers set forth in the company's memorandum and bye-laws. Further, directors must not put themselves in a position of conflict with the company.

**VNV Sweden.** Pursuant to Ch. 8 Sec. 4 of the SCA, the board of directors is responsible for the organisation of the company and the management of the company's affairs. The board of directors shall regularly assess the company's financial position and, where the company is the parent company in a group, the group's financial position. The board of directors shall ensure that the company's organisation is structured in such a manner that accounting, management of funds, and the company's finances in general are monitored in a satisfactory manner.

Where certain duties are delegated to one or more members of the board of directors or to other persons, the board of directors shall act with care and regularly monitor that the delegation can be maintained. The board is also the company organ which represents the company officially and has the power to sign on behalf of the firm. The board has a wide authority to make decisions. A general limitation to this authority is where the SCA gives the general meeting of shareholders the sole right to decide upon matters (as for instance decisions to alter the articles of association and distribution of profits). In some matters the general meeting may to a certain extent delegate the right to take decisions to the board, such as for example in respect of the issue of shares and convertible instruments.

#### Indemnification of Directors and Officers; Insurance

**VNV Bermuda.** Under the Companies Act, a company may indemnify its directors and officers against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director or officer may be guilty in relation to the company or any of its subsidiaries.

The Companies Act permits a company to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him in respect of any negligence, default, breach of duty or breach of trust, whether or not the company may otherwise indemnify such officer or director. VNV Bermuda has purchased and maintains a directors and officers liability policy for such a purpose.

**VNV Sweden.** Board members and the managing director may be liable for damage suffered by the company caused by their negligence. The standard of care expected of board members depends on various factors such as the type of business, the structure of the company and their personal qualifications and experience. Generally, board members are required to keep themselves informed of

the company's financial condition and make informed decisions based upon sufficient data. Board members should also respond to warning signals such as liquidity problems, the loss of major customers or the failure to achieve forecasted revenues and investigate any signs of impropriety. Board members are entitled to rely upon information assembled by the managing director and others, provided that the board members have no reason to suspect that the information is incorrect.

At the annual general meeting, the shareholders vote on whether to grant the board members and managing director discharge from liability for the past financial year. The shareholders' resolution is based on a recommendation by the company's auditor. Both the discharge from liability and the liability per se pertains to each individual board member.

An action to recover damages from a board member or the managing director may be commenced by the company provided that the majority of the shareholders or a minority representing at least 10% of the outstanding shares have voted against a resolution to discharge the board member or managing director from liability at an annual general meeting. Notwithstanding a resolution in respect of discharge of liability, an action for damages may be brought against a board member or a managing director where material information has been misleading or withheld from the shareholders or where the damage has been incurred as a result of a crime or the company has been placed into insolvent liquidation.

In addition to liability to the company, board members and the managing director may be liable for losses suffered by shareholders or others caused by the board members' and the managing director's negligent acts, provided that such acts violated the SCA, any applicable law on financial reporting or the company's articles of association. Some legal commentators take the view that violations of related statutory provisions such as accounting rules may also support an action for damages by third parties.

Under Swedish law, only persons related to certain businesses have a legal obligation to have liability insurance linked to the business, such as auditors. There is no requirement that every member of the board of directors of all companies must have liability insurance.

#### Limitation on Director Liability

**VNV Bermuda.** Under the Companies Act, a company may exempt its directors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director may be guilty in relation to the company or any of its subsidiaries.

The Companies Act renders void any provision in the bye-laws or any contract between a company and any such director exempting him or her from or indemnifying him or her against any liability in respect of any fraud or dishonesty of which he or she may be guilty in relation to the company. Further, a Bermuda court may not enforce a provision purporting to limit a director's liability if to do so was contrary to public policy, such as, if the provision attempted to relieve a director of criminal liability. The VNV Bermuda bye-laws provide that the shareholders waive all claims or rights of action that they might have, individually or in right of the company, against any of the company's directors or officers for any act or failure to act in the performance of such director's or officer's duties, except in respect of any fraud or dishonesty of such director or officer.



**VNV Sweden.** Please see section “*Comparison of shareholder rights and board powers - Indemnification of Directors and Officers; Insurance*” above.

#### Directors Conflicts of Interest

**VNV Bermuda.** As a matter of the common law applied in Bermuda, the director of a Bermuda company should seek to avoid placing himself in a position where there is a conflict, or a possible conflict, between the duties he owes to the company and either his personal interest or other duties that he owes to a third party, and if a director is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the company, he must declare the nature and extent of that interest to the other directors at the first opportunity. The duty extends to not making personal profit from opportunities that result from directorship.

This common law duty of a director to avoid conflicts of interest generally is not breached in respect of matters that have been declared by the director at the appropriate time and (i) authorized by the directors generally or (ii) authorized by the provisions of the company’s memorandum of association and bye-laws. VNV Bermuda’s bye-laws provide that a director may not vote in relation to or otherwise deal with matters relating to agreements, court actions or other legal actions between himself and the company, nor with matters relating to agreements, court actions or other legal actions between the company and a third party, if the director has a considerable interest in the matter adverse to that of the company.

**VNV Sweden.** Pursuant to Ch. 8 Sec. 23 of the SCA, a member of the board of directors may not participate in a matter regarding:

- i. an agreement between the board member and the company;
- ii. an agreement between the company and a third party, where the board member in question has a material interest which may conflict with the interests of the company; or
- iii. an agreement between the company and a legal person which the board member is entitled to represent, whether alone or together with another person.

The provisions of the first paragraph shall not apply where the board member owns all of the shares in the company, whether directly or indirectly through a legal person. Nor shall the provisions of the first paragraph, point 3 apply where the party contracting with the company is an undertaking in the same group or in a group of undertakings of a corresponding nature. Litigation or other legal proceedings shall be equated with agreements referred to in the first paragraph.

#### Shareholders Suits

**VNV Bermuda.** Under Bermuda law, a court will generally refuse to interfere with the management of a company on behalf of minority shareholders who are dissatisfied with the conduct of a company’s affairs by its board of directors. However, each shareholder is entitled to have the affairs of the company properly conducted in accordance with law. Therefore, if those who control the company persistently disregard the requirements of law or of the company’s memorandum of association or bye-laws, the court may grant relief. Bermuda courts ordinarily would be expected to follow English precedent, which would permit the court to intervene in any of the following circumstances: (i) where the act complained of is alleged to be beyond the corporate power of the company or illegal; (ii) where the act complained of is alleged to



constitute a fraud against the minority shareholders by those controlling the company; provided that the majority shareholders have used their controlling position to prevent the company from taking action against the wrongdoers; (iii) where an act requires approval by a greater percentage of the company's shareholders than actually approved it; or (iv) where such an action is necessary in order that there not be a violation of the company's memorandum of association or bye-laws.

Under the Companies Act, a shareholder is entitled to complain to the court that the affairs of the company are being conducted in a manner which is oppressive or unfairly prejudicial to the shareholders, or some of them, and seek a winding-up of the company or an alternative remedy.

An individual shareholder may seek to bring an action on behalf of the company to enforce the company's rights, and judgment in such a case would be in favour of the company.

An individual shareholder may be permitted to bring an action on behalf of himself and his fellow shareholders to remedy a wrong done to the company or to compel the company to conduct its affairs in accordance with the rules governing it.

A shareholder also may be permitted to bring an action in his own name on his own behalf against a Bermuda company or another shareholder. In any such action, however, a loss suffered by the company will not be regarded as a direct loss suffered by the individual shareholder. Remedies for such an action are generally limited to declarations or injunctions.

**VNV Sweden.** Pursuant to Ch. 29 Sec. 1 of the SCA, a founder, member of a board of directors or a managing director who, in the performance of his or her duties, intentionally or negligently causes damage to the company shall compensate such damage. The aforesaid shall also apply where damage is caused to a shareholder or other person as a consequence of a violation of this Act, the applicable annual reports legislation, or the articles of association.

Claims regarding damage to the company pursuant to what has been mentioned above may be brought where the majority or a minority consisting of owners of not less than one-tenth of all shares in the company have, at a general meeting, supported a resolution to bring such a claim in damages or, with respect to a member of the board of directors or the managing director, have voted against a resolution regarding discharge from liability (Ch. 29 Sec. 7 of the SCA).

A settlement in respect of liability in damages to the company pursuant to what has been mentioned above may be entered into only by the general meeting and only on condition that the owners of not less than one-tenth of all shares in the company do not vote against the proposed settlement. Where a claim in damages is brought by a shareholder on behalf of the company, a settlement may not be reached without his or her consent (Ch. 29 Sec. 8 of the SCA).

Owners of not less than one-tenth of all shares in the company may, in their own name, commence an action regarding damage to the company pursuant to what has been mentioned above. Where a shareholder subsequently withdraws from the proceedings, the remaining shareholders may nevertheless continue to pursue the proceedings. A person who has commenced the proceedings shall bear the litigation costs but shall be entitled to reimbursement from the company for costs which are covered by damages awarded to the company in the proceedings (Ch. 29 Sec. 9 of the SCA).

### Shareholder Consent to Action Without Meeting

**VNV Bermuda.** The Companies Act provides that anything which may be done by resolution of a company at a general meeting or a meeting of any class of members may also be done by resolution in writing; however, VNV Bermuda's bye-laws do not provide for shareholder action by written consent.

**VNV Sweden.** Instead of assembling the shareholders at a regular general meeting, it is possible to hold a general meeting *per capsulam*, i.e. written minutes are drafted which all shareholders approve by signing the minutes. It should be clear in the written minutes that the decisions have been taken without a formal meeting. The decisions therein must be unanimous, and the document must be signed by all shareholders in the limited company. Because of these requirements, a public limited liability company, whose shares are traded on a regulated market and has a large shareholder base, would not, in practice, be able to use such possibility because of the administration and active participation of all shareholders required.

### Annual Meetings of Shareholders

**VNV Bermuda.** The Companies Act and VNV Bermuda's bye-laws require that a general meeting of shareholders be held at least annually. VNV Bermuda's bye-laws provide that the annual general meeting can be held at any location as specified in the notice of the meeting. At such meeting, elections will be held for directors whose terms have expired and such other business may be transacted as may properly be brought before such meeting. The shareholders are also required to appoint an auditor at the annual general meeting (or, if necessary, at a subsequent special general meeting). In addition, the Companies Act and VNV Bermuda's bye-laws require, subject to waiver by all of the members and directors of a company, that the financial statements required by the Companies Act be laid before the company at the general meeting.

**VNV Sweden.** Within six months of the expiry of each financial year, the shareholders shall hold an ordinary general meeting at which the board of directors shall present the annual report and auditor's report and, for a parent company which is obliged to prepare group accounts, the group accounts and the auditor's report for the group (Ch. 7 Sec. 10 of the SCA).

### Special Meetings of Shareholders

**VNV Bermuda.** The Companies Act provided that a special general meeting of a company may be called by the chairman or any two directors or any director and the secretary or the board of directors as a whole. In addition, the board of directors must convene a special general meeting upon request by one or more shareholders holding at least 10% of the shares having the right to vote at general meetings at the time of the request.

**VNV Sweden.** Pursuant to Ch. 7 Sec. 13 of the SCA, the board of directors shall convene an extraordinary general meeting when they believe that reason exists to hold a general meeting prior to the next ordinary general meeting.

The board of directors shall also convene an extraordinary general meeting where an auditor of the company or owners of not less than one-tenth of all shares in the company demand in writing that such

a meeting be convened to address a specified matter. In such case, notice to attend the meeting shall be issued within two weeks of receipt by the company of the demand therefor.

#### Record Dates for Shareholder Meetings

**VNV Bermuda.** VNV Bermuda's bye-laws provide that a person shall be entitled to participate in a general meeting if they are listed as a shareholder in the register of members five days prior to that general meeting.

**VNV Sweden.** Pursuant to Ch. 7 Sec. 2 of the SCA, the right to participate at general meetings shall vest in any person who is listed as a shareholder in the printout or other presentation of the share register prepared ahead of the general meeting. Pursuant to Ch. 7 Sec. 28 of the SCA, in a CSD company, a printout or other presentation of the entire share register shall have a record date which is five workdays (wherein Saturday is counted as a workday) before the general meeting.

#### Director Nominations; Proposals of Shareholders

**VNV Bermuda.** The Companies Act permits the requisitioning of resolutions to the general meeting of a company by (i) shareholders owning 5% or more of the issued and outstanding shares of a company or (ii) at least one hundred shareholders, where such requisition complies with the requirements of the Companies Act.

**VNV Sweden.** Pursuant to Ch. 7 Sec. 16 of the SCA, a shareholder who wishes to have a matter addressed at a general meeting shall submit a written request therefor to the board of directors.

The matter shall be addressed at the general meeting, provided the request was received by the board of directors:

- i. not later than one week prior to the earliest date on which notice to attend the general meeting may be issued; or
- ii. after the date specified in point i, but in due time for the matter to be included in the notice to attend the general meeting.

#### Adjournment of Shareholder Meetings

**VNV Bermuda.** VNV Bermuda's bye-laws provide that the chairman of any shareholder meeting may, with the consent of shareholders representing 10% of the issued and outstanding shares of the company, adjourn the meeting. New notice of the date, time, and place for the resumption of the meeting must be given if the meeting is not adjourned to a specific date and time.

**VNV Sweden.** Pursuant to Ch. 7 Sec. 14 of the SCA, at a general meeting, a resolution may be adopted to continue the meeting on a later date. Such a resolution shall be adopted by the general meeting by a simple majority of the votes cast. In the event of a tied vote, the chairman shall have the casting vote (Ch. 7 Sec. 40 of the SCA).

## Voting Rights

**VNV Bermuda.** The holders of common shares of VNV Bermuda are entitled to one vote per share. Any matter submitted to shareholders at a general meeting requires the affirmative vote of a majority of the votes cast unless otherwise required by the Companies Act or the bye-laws. VNV Bermuda's bye-laws provide that a resolution to amend any of (i) the Memorandum of Association, (ii) the bye-laws, (iii) shareholders' preferential right to subscribe for new shares or equity-related securities or (iv) the rights attached to issued shares, must be approved by a general meeting with the support of two-thirds of the votes cast. Any other any matter submitted to the shareholders at a general meeting for approval, including for the amalgamation, merger or consolidation of the company with another company, or the sale, lease or exchange of all or substantially all of the assets of the company, must be approved by a majority of the votes cast.

The rights attached to any separate class or series of shares, unless otherwise provided by the terms of the shares of that class or series, may be varied only with the consent in writing of the holders of all of the outstanding shares of that class or series or by a resolution passed at a separate general meeting of holders of shares equal to 75% of the outstanding shares of that class or series. The necessary quorum for that meeting is the presence of at least two persons, in person or by proxy, of holders of at least one-third of the shares of that class or series. Each holder of shares of the class or series present, in person or by proxy, will have one vote for each share of the class or series of which he is the holder. Outstanding shares will not be deemed to be varied by the creation or issuance of additional shares that rank in any respect prior to or equivalent with those shares.

**VNV Sweden.** Please see section "*Description of the shares in the Swedish Company*".

## Amendment of Governing Documents

**VNV Bermuda.** Under the Companies Act, amendments to the memorandum of association of a Bermuda company must be approved by a majority of the shareholders voting on the amendments and amendments to the company's objects (i.e., business purposes) may require approval by the Bermuda Minister of Finance. Usually, the memorandum of association of a Bermuda company contains only the name, type of company, objects and powers and authorized share capital of a company.

Under the Companies Act and VNV Bermuda's bye-laws, the bye-laws may be amended by a resolution of the board of directors and a resolution of the shareholders approved by a two-thirds majority of the votes cast.

**VNV Sweden.** Alterations of VNV Sweden's bye-laws shall be resolved upon by the general meeting (Ch. 3 Sec. 4 of the SCA). A resolution regarding alteration of the articles of association shall be valid where supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the general meeting (Ch. 7 Sec. 42 of the SCA).

Pursuant to Ch. 7 Sec. 43 of the SCA, resolutions on the following matters regarding alterations of the articles of association shall be valid only where supported by all of the shareholders present at the

general meeting where such together represent not less than nine-tenths of all shares in the company, namely where the resolution, with respect to already issued shares, entails:

- i. a reduction of the shareholders' rights to the company's profits or other assets through a provision;
- ii. restrictions on the right to transfer or acquire shares in the company through a clause; or
- iii. changes in the legal relationship between shares.

#### Quorum Requirements

**VNV Bermuda.** The presence of two shareholders, in person or represented by proxy, is a quorum for the transaction of business (including the approval of an amalgamation) except as otherwise provided by the Companies Act.

**VNV Sweden.** Please see section "*Description of the shares in the Swedish Company*".

#### Inspection of Books and Records; Special Investigation

**VNV Bermuda.** Shareholders of a Bermuda company have the right to inspect or obtain copies of the minutes of general meetings of the company. Shareholders may also inspect the share register on any business day, subject to reasonable restrictions imposed by the board of directors.

**VNV Sweden.** Please see section "*Description of the shares in the Swedish Company*".

#### Transfer and Registration of Ownership of Shares

**VNV Bermuda.** Any shareholder may transfer all or any of their shares in the company by an instrument of transfer. The board may deny registration of a transfer of share if the instrument of transfer is not (i) submitted to the registered office of the company or (ii) accompanied by such evidence as the board may reasonably require to show the authority of the persons acting on behalf of the transferor and the transferee to make the transfer.

**VNV Sweden.** Please see section "*Description of the shares in the Swedish Company*".

#### Rights upon Liquidation

**VNV Bermuda.** Upon a liquidation of VNV Bermuda, after creditors have been paid the full amounts owing to them, the holders of VNV Bermuda's common shares would be entitled to receive, pro rata, any remaining assets available for distribution to the holders of common shares. The liquidator may deduct from the amount payable in respect of those common shares any liabilities the holder has to or with VNV Bermuda. The assets received by the holders of VNV Bermuda common shares in liquidation may consist in whole or in part of property. That property is not required to be of the same kind for all shareholders. The shareholders may resolve that the company be wound up by the court, or be wound up voluntarily, with the vote of holders of at least 75% of the voting shares of the company. The board may also present a petition to the court for the company to be wound up.

**VNV Sweden.** Please see section "*Description of the shares in the Swedish Company*".

### Enforcement of Civil Liabilities Against Foreign Persons

**VNV Bermuda.** VNV Bermuda has been advised by its Bermuda counsel, Conyers Dill & Pearman Limited, that a judgment for the payment of money rendered by a court in Sweden based on civil liability would not be automatically enforceable in Bermuda. There is no treaty between Bermuda and Sweden providing for the reciprocal enforcement of foreign judgments. VNV Bermuda has also been advised by Conyers Dill & Pearman Limited that a final and conclusive judgment obtained in a court in Sweden under which a sum of money is payable as compensatory damages may be the subject of an action in the Supreme Court of Bermuda under the common law doctrine of obligation. Such an action should be successful upon proof that the sum of money is due and payable, and without having to prove the facts supporting the underlying judgment, as long as: (i) the court that gave the judgment was competent to hear the action in accordance with private international law principles as applied by the courts in Bermuda; and (ii) the judgment is not contrary to public policy in Bermuda, was not obtained by fraud or in proceedings contrary to natural justice of Bermuda and is not based on an error in Bermuda law.

**VNV Sweden.** A judgment for payment of money rendered by a court in Sweden would be enforceable in Sweden.

## **WHERE YOU CAN FIND MORE INFORMATION**

VNV Bermuda's web site is located at <http://www.vostoknewventures.com>. VNV Bermuda's Annual Reports, Quarterly Reports and other filings are available, free of charge, through its web site, as soon as reasonably practicable after those reports or filings are electronically filed with or furnished to Nasdaq Stockholm. Information on VNV Bermuda's web site or any other web site is not incorporated by reference in this explanatory statement and does not constitute a part of this explanatory statement.

We have not authorized anyone to give any information or make any representation about the Redomestication or the Scheme of Arrangement or about us that differs from or adds to the information in this explanatory statement or in the documents incorporated by reference. Therefore, you should not rely upon any information that differs from or is in addition to the information contained in this explanatory statement or in the documents incorporated by reference.

The information contained in this explanatory statement speaks only as of the date on the cover, unless the information specifically indicates that another date applies.



## NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

A (i) notice convening the Scheme Meeting, (i) copy of the Scheme of Arrangement, (iii) copy of this explanatory statement and (iv) form of proxy for use at the Scheme Meeting (proxy card) is held available at <http://vostoknewventures.com/investor-relations/Redomestication/>.

For the date, time and location of the Scheme Meeting, please see section “*Summary*”. For information on how to attend and vote in person at the Scheme Meeting, an identification of the matters to be voted upon at the Scheme Meeting and the board of director’s recommendations regarding those matters, please also refer to sections “*Questions and answers*” and “*Summary*”.