

**COMPANY DESCRIPTION OF
TOADMAN INTERACTIVE AB (PUBL)**



**PREPARED IN CONNECTION WITH THE ADMISSION TO TRADING OF
MAXIMUM SEK 500,000,000 SENIOR SECURED CALLABLE FIXED RATE
BONDS 2019/2022**

First North Disclaimer

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Important information

This Company Description (the “**Company Description**”) has been prepared by Toadman Interactive AB (publ), reg. no. 556923-2837 (the “**Issuer**” or together with its direct and indirect subsidiaries from time to time (unless otherwise indicated by the context) the “**Group**”), in relation to the application for listing of bonds issued under the Issuer’s maximum SEK 500,000,000 senior secured callable fixed rate bonds 2019/2022 with ISIN SE0012702470 (the “**Bonds**”), of which SEK 120,000,000 was issued on 17 June 2019 (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”) (the “**Bond Issue**”) on the institutional segment of Nasdaq First North Bond Market at Nasdaq Stockholm (“**Nasdaq First North**”). The Issuer shall use its best efforts to ensure that the Bonds are admitted to trading on Nasdaq First North within 30 calendar days of the Issue Date. Any defined term in this Company Description shall have the same meaning as in the Terms and Conditions, unless stated otherwise. The Issuer may at one or more occasions after the Issue Date issue Subsequent Bonds under the Terms and Conditions, until the total amount under the Subsequent Bond Issue(s) and the Bond Issue equals SEK 500,000,000. Subsequent Bonds may, for the avoidance of doubt, be admitted to trading pursuant to this Company Description within one year after the approval of this Company Description by Nasdaq First North. The Issuer’s obligations under the Finance Documents are guaranteed by certain subsidiaries of the Issuer, Toadman Interactive GmbH, Artplant AS and PETROL Advertising, Inc. (hereafter jointly referred to as the “**Guarantors**”), by way of a separately issued guarantee dated 24 June 2019 (the “**Guarantee**”).

The Issuer is publicly traded with its shares being listed on Nasdaq First North and is therefore exempted from certain information requirements to be included in a company descriptions in accordance with Nasdaq First North rulebook dated 1 January 2019. The Company Description will be available at the Issuer’s web page (www.toadmaninteractive.com).

This Company Description does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction in the United States. Accordingly, the Bonds may not be offered, sold (directly or indirectly), delivered or otherwise transferred within or into the United States or to, or for the account or benefit of, U.S. persons.

This Company Description does not constitute a prospectus as defined in the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended or replaced, (the “**Prospectus Directive**”) and no prospectus relating to the Bonds or the admission to trading on Nasdaq First North has been or will be registered under any law or regulation. This Company Description has not been prepared to comply with the Prospectus Directive or the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended or replaced, nor with any national rules and regulations relating to prospectuses, including but not limited to Chapter 2 of the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*). The issue of the Bonds was made with a minimum subscription and allocation of SEK 1,250,000 to a limited number of professional investors and was thus made in reliance upon one or several exemption(s) from the prospectus requirements under the Prospectus Directive. The admission to trading of the Bonds contemplated herein is also being made in accordance with such exemption(s) and is not being made to require a prospectus, registration measures or other similar measures (except as provided for under the rules for First North).

Certain information contained in this Company Description, including any information on the Issuer’s plans or future financial or operating performance and other statements that express the Issuer’s management’s expectations or estimates of future performance, constitute forward-looking statements (when used in this document, the words “anticipate”, “believe”, “estimate” and “expect” and similar expressions, as they relate to the Issuer or its management, are intended to identify forward-looking statements). Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. The Issuer cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Issuer to be materially different from the Issuer’s estimated future results, performance or achievements expressed or implied by those forward-looking statements. Such factors of a significant nature are mentioned in section “*Risk factors*” below.

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

Risk factors

Investing in the Bonds involves inherent risks. The financial performance of the Issuer and the Group and the risks associated with its business are important when making a decision on whether to invest in the Bonds. A number of risk factors and uncertainties may adversely affect the Group. If any of these risks or uncertainties actually occur, the business, operating results and financial position of the Group could be materially and adversely affected, which ultimately could affect the Company's ability to make payments of interest and repayments of principal under the Terms and Conditions. In this section, a number of risk factors, both general risks pertaining to the Group's business operations and material risks relating to the Bonds as financial instruments, are illustrated. The risks presented in this Company Description are not exhaustive as other risks not known to the Company or risks arising in the future may also come to adversely affect the Group, the price of the Bonds and the Company's ability to service its debt obligations. Further, the risk factors herein are not ranked in order of probability, importance or potential impact. Potential investors should carefully consider the information contained in this Company Description and make an independent evaluation before making an investment decision.

Risks relating to the Group and its industry

The Company is dependent on a few existing publisher agreements

The Company is dependent on a few agreements with other publishers for the production of its games. The Company has, as an example, entered into an agreement with the Chinese game development company Leyou, for the production of a game with the working title "Project Osiris". The agreement regulates the game development process and is divided into a number of milestones where the Company shall deliver a specified part of the project at a certain time, such as submission of a beta version of the game. Leyou is entitled to terminate the agreement with immediate effect at any time up until approval of the beta version. If Leyou approves the delivered beta version, a certain percentage of the agreed-upon assignment fee is paid. There is a risk the Company will be unable to deliver the beta version or any other milestone in time, that the beta version will not satisfy Leyou's requirements, or that Leyou will not approve the delivered beta version due to other reasons, or that Leyou will choose to prioritise other game projects during the course of the project, that could mean the project with the Company is not finalised or that the project is not completed at all. Should any of these risks materialise, it could lead to a delay of the project or that the project is not completed, that means the Company would not be entitled to the part of the agreed-upon fee at the approval of the beta version, or other fees, such as royalties and net revenue from the game. This can further lead to a deteriorating relationship with Leyou and other publishers, as well as damage to

the Company's reputation in the game industry. If the agreement with Leyou, or agreements with other publishers, are not completed due to project milestones not being approved or that the project is not completed due to other reasons, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company relies on third party game developers

The Company develops and tests the Company's internal, as well as external game projects. For projects where a third party is the publisher and in projects where the Company is the publisher, development is mainly located in the USA and Europe. For the business to continue its operations with both internally and externally developed games, it is vital that the Company is successful in obtaining new external assignments for game development. Should the interest from game developers deteriorate, or should the Company be unsuccessful in entering into new collaborations and obtaining new game development assignments to the same extent as before, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company has limited experience developing its own game titles as a publisher

The Company was established in early 2013 and has since that time mainly focused on producing games on behalf of other publishers, as well as on technology development. As the Company has grown through these assignments, the Company has chosen to focus on developing its own games with the objective that the majority of the Company's future game projects will be developed with the Company as publisher. The Company's product offering is relatively limited, and the Company has, as of the date of this Company Description, not produced any game titles as publisher. The development of its own games may involve a greater responsibility for the Company throughout the entire game development process, in order to create its own "story" that is appealing to players, make financial and development resources available both internally and externally, as well as manage marketing, distribution, and sales of the games. There is a risk the Company will be unable to complete its own game title projects, that the Company will be unable to find suitable collaborations with external game developers, and that the games will not be well received by players or game reviewers in the game market. Delays in planned and ongoing game projects may have a negative effect on cash flow, revenues, and operating margins. The completion of a game project may also require further resources than originally projected and the cost must then normally, particularly when it comes to internal project, be borne by the Company. Should one or several of the Company's internal game projects be delayed or not be implemented, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The launch of new game titles may generate less revenue than estimated

When launching new game titles, there is a risk that these will not be received by the market in line with the Company's expectations, which may mean, for example, that a game title receives negative reviews from game journalists or influencers within the game industry, or that players assign a poor review on both game platforms (for example the rating system in Steam) and various game forums (the community). Negative reviews from the market are sometimes due to the fact that a game title contains bugs, the game's "story" is not appealing enough, or that the price of the game title is too high compared to other similar games in the market. Negative reviews from the market could have a material adverse effect on the market's interest in the game and lead to loss of revenue, lower margins, and reduced cash flow. This applies to both self-financed projects and games where the Company acts publisher and is behind a significant portion of the financing. Capitalised development costs also risk having to be depreciated. Should a game launch result in lower revenue than expected, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company is dependent on a license agreement for the game engine

The Company mainly uses, as of the date of this Company Description, the Stingray game engine for the development of games, but also the game engine Unreal through its subsidiary Artplant. The software rights to Stingray are owned by the company Autodesk and are made available to the Company through a license agreement. Autodesk has ceased to further develop Stingray within its operations, meaning the Company, in collaboration with a few other game developing companies, are further developing and improving the game engine. Should access to the Stingray game engine not be available moving forward, this may lead to loss in revenue as a result of an inability to fulfil the agreement with Lyou, increased development costs for a self-owned game engine, or for the renegotiation of, or entering into, a license agreement under unfavourable terms, which could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company is dependent on a few important distribution channels for its game titles

The Company's sales of digital and physical game titles are largely done via a few important distributors. Steam is one of the digital platforms used by the Company, a so-called content delivery system, created by Valve Corporation ("Valve") for the digital distribution of computer games to customers. There is a risk that Steam will choose to distribute and market the Company's games in a manner deemed unfavourable from the Company's perspective, that Steam will decide on a different focus for the distribution and marketing of games, or that the Company's games will

be removed from the game platform. Continued provision of the digital and physical distribution channels by the distributors, is a precondition for the Company to be able to continue to generate revenue from these channels. The Company also relies on the financial information provided by the digital distributors, concerning for example sales of the Company's game titles, being complete, and the Company relies largely on these revenues to reflect the players' actual purchases. The Company owns a self-developed platform for sales and marketing of the Company's game titles, and may use this as a complement to Steam for future game releases. The development of its own platform may mean that large resources might need to be allocated thereto, which may lead to high development costs for the platform and focus being removed from the Company's core business. In addition, there is a risk that the platform may not be received by the game market in the way the Company expects and doesn't achieve the level of technical quality required to make the platform available for downloading of games and/or updating of games via so-called patching. There is also a risk that work on the platform will commence but will not be completed due to increased development costs or that competitors with significant financial resources develop platforms superior to the Company's. If an important distributor for some reason is forced to remove the Company's game from their digital distribution channel, or if the digital distribution channel is shut down, or if a physical distributor needs to stop its sales, and/or if the development of the Company's own platform does not progress as expected, alternatively does not materialise at all, this may lead to loss of revenue in the short-term, and if an interruption becomes long-lasting, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company relies on its ability to retain and attract new players as well as on a good reputation within the game industry

Development in the game industry is largely driven by demands and requirements from end users, game developers, and publishers, which means that the operators must constantly offer new products and services in order to attract and retain a broad range of end users. The Company is, within its core business, focused on producing and selling action and hardcore games within the RPG (Role Playing Game) genre on a global basis. The Company's target group of players are, generally speaking, engaged, knowledgeable within the RPG game genre and place high demands on the game products. Evaluation and rating of the Company's current and future games or updates take place through discussions between players on different online forums, by game reviewers and on game ranking pages, such as Metacritic. There is a risk that players or game reviewers will form an opinion that the Company's current and future games or updates do not comply with the demands or expectations they have on the games, and that circumstances outside the Company's control may lead to

negative reviews of the games. Dissatisfied players, low scores, or poor reviews within player circles or from game reviewers may impact upon the Company's ability to retain and attract new players to its current or future games, as well as to a decline in reputation among players and other game developers. This can lead to reduced revenue due to a reduction in sales of current or future games, reduction in in-game purchases, and difficulties to enter into collaboration agreements with other game developers, difficulties in the publisher role, and problems in getting assignments from other publishers. Should the Company fail in retaining its current players and in attracting new players, and be unable to maintain current and future collaborations with other game developers, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company may be unsuccessful in evolving and adjusting to new technology

The Company's industry is characterised by rapid development of new products, technologies, and end-user practices, and it is thus important that the Company continuously updates and develops new and existing products and technologies. The Company uses, through a license agreement with Autodesk, the Stingray game engine for the development of its games. Autodesk has ceased to further develop Stingray within its operations, meaning that the Company, in collaboration with a few other game developing companies, are further developing and improving the game engine. There is a risk that the Stingray game engine will not be developed at the same pace as other game engines on the game market, that the other two game companies that develop the game engine cease to develop the game engine further, or that they develop it in an improper way or that the game engine will be unable to handle new technical trends arising in the game market. A widespread introduction of a new internet technology, new hardware, new types of game consoles, and higher standards may require the Company to provide significant resources to replace, upgrade, modify or adapt its offerings. As part of this rapid technology development, this also means that some technology will not have a break-through in the market or will fail under competition from other solutions. There is a risk that the Company will invest resources and funds in adapting its offering to a technology that will not be as successful as the Company believes. Should any of these risks materialise, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company's future growth depends on its ability to develop new games and improve existing games

The Company's continued growth will depend, among other things, on its ability to regularly develop new games, improve existing games in a way that enhances the playing experience, as well as enter into new assignments for game development. If the development model for the current game ceases to be effective, this can lead to

an increase in current development costs, which in turn would have a negative impact on the operating revenue. There is a risk that no, or only a few, future games become successful and generate significant revenue. Should the Company be unsuccessful in developing new games and improving existing games that generate significant revenue, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

Risks related to intellectual property rights

The Company's intellectual property rights are primarily protected by registration of web domains, legislation for the protection of trade secrets and/or agreements. The Company has no registered trademarks, patents, or design protections. Thus, the Company lacks, for example, protection for the trademarks TOADMAN and ARTPLANT. Having unregistered trademarks means the trademarks can be registered by any other third party and lead to the Company infringing on such registered trademarks. It further means the Company is not able to protect itself from infringement from third parties using these trademarks. If products owned by the Company, or acquired or developed in the future, are not sufficiently protected by intellectual property rights, or if current intellectual property protection cannot be maintained, or if current intellectual property protection proves to be insufficient for the Company to uphold its rights and market position, the Company's ability to conduct business, along with its financial position and results, may be negatively affected. Because the Company enters into agreements, under which they act as publisher for certain games on behalf of other publishers, it may appear as though the Company holds certain intellectual property rights which it in fact does not own. Moreover, the Company's business, financial position, and results could be adversely affected in the event the Company becomes subject to infringement in respect of its intellectual property rights or infringes on other parties' intellectual property rights. Web domains of significant importance are owned by the Company, its subsidiaries, or by a third party who by agreement assures that the intellectual property rights are maintained within the control of the Company. There is a risk that the intellectual property protection will not be sufficient, and that potential claims, breach of agreements, or loss of copyright or any other intellectual property rights will occur, which could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company relies on its ability to retain and recruit key personnel

The Company's success is based on, and depends on, existing employees' knowledge and experience, as well as the Company's ability to recruit and retain key personnel in the future. Some of the Company's senior executives have been involved in the formation of the Company and therefore have knowledge about the game industry and the Company. During the Company's development phase there is

a need for new recruitments, primarily within the development and programming areas. In Sweden, and particularly in the Stockholm region, there are many game companies, meaning there is fierce competition in the market to find talent and qualified personnel for a variety of IT roles. The Company further recruits personnel to its subsidiaries in Norway, Russia and Germany. Furthermore, the Company's employment agreements with key personnel and senior executives stipulate a shorter notice period than what is practice in the market. There is a risk that the Company will be unable to recruit personnel with the skills or knowledge needed to perform the tasks required by the Company, that the Company fails to understand the foreign labour markets where the Company's subsidiaries operate, and that the Company is unable to compete at the remuneration levels offered by the competitors to their employees. In addition, there is a risk that senior executives and other key personnel will terminate their employments with the Company. Therefore, it is of significant importance that the Company is able to attract and retain key personnel and that these perceive the Company to be an inspirational employer. Loss of crucial key personnel or the inability to recruit qualified personnel could lead to slower and more costly business development, which could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company operates in a competitive market and the Company could fail to compete successfully

The Company has resolved that the Company's core business will involve production and sales of action and hardcore games, globally. The Company's non-core business is production and sales of other games, as well as development and sales of technologies related to games. The Company has competitors on all its markets. There is a risk that the Company's competitors will be better or faster than the Company in adapting to and developing new and/or superior games, other products, and/or technologies. There is also a risk that the Company's development strategy for games within a certain genre could prove to be flawed if these games do not attract enough players. Increased competition from both large and small parties could lead to lower prices and reduced demand for the Company's products and thus declining margins for the Company. The Company's position in existing markets could rapidly weaken if the Company's competitors develop new, better, and/or cheaper game products and technologies. Current and potential competitors may also be companies that are more recognised, that have more extensive customer bases and are able to achieve success by increasing their market share by, for example, extensive marketing efforts. A weakened market position for the Company and/or increased competition, could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company relies on well-functioning IT systems and is exposed to risks relating to hacking, viruses, sabotage and other cyber crimes

The Company relies on efficient and uninterrupted operations of different IT systems to run the various operational activities, including game development, sales, storage and distributions. The Company has servers in its own premises where backup copies of developed code are stored and also utilises cloud solutions for information storage. A significant collapse or other disturbance in the IT systems can affect the ability to conduct operations with regards to product development, carry out efficient sales or invoicing and delivery of products and services to customers. Furthermore, outages or delays at the Company's external digital distribution channels can lead to players being unable to download the Company's games or updates, which can create frustration among the Company's players. The Company is exposed to responsibilities in the event that the Company fails to provide products and services to its customers. The Company's business further involves use and storage of employee and customer data. There is a risk that the Company's security measures regarding its systems and other security procedures will not prevent unlawful infringements or that personal data or protected information will be disclosed for other reasons. The IT environment in which the Company is operating is governed by extensive laws, rules and regulations, including, but not limited to, the protection and processing of personal data, that often undergo change. Sometimes these laws, rules and regulations can be incompatible between the jurisdictions in which the Company operates. The Company further risks being adversely affected by activities such as system intrusion, spreading of viruses, and other types of IT crimes. Such operations can obstruct websites and game development, cause system failures and business disruption, and may damage computers or other equipment at the Company, its customers, or end users. Should any of the abovementioned risks materialise, this could damage the Company's reputation and cause the Company to become liable for damages, and thus result in increased costs and/or loss of revenue. Should any of the above events occur, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company risks being involved in legal and administrative proceedings

Disputes do sometimes arise in the game industry, particularly in relation to intellectual property rights. Consequently, there is a risk that the Company will in the future be involved in legal or administrative proceedings, which may involve extensive damage claims or other payment claims, including claims from customers or competitors. Preparations, disputes and the outcome of initiated proceedings can be lengthy and costly. The outcomes of such proceedings are difficult to predict. In the event of negative outcome in a major legal or administrative proceeding, regardless if based on a ruling or a settlement, the Company may be subject to

significant payment liability. Furthermore, costs relating to disputes and mediation proceedings can be significant. The Company's competitors or other persons may already have been granted or could in the future be granted the right to intellectual property rights on which the Company is dependent. If the Company is sued for infringement, the Company may be forced to incur significant costs to contest the claim and may be ordered to stop the sale of products based on a disputed right as long as the proceeding is ongoing. If a dispute would result in an order that concludes the Company has infringed upon someone else's rights, a court may order the Company to pay significant damages and license fees to the owner of the right, and/or to cease using all intellectual property rights or technologies and products that constitutes infringement. This can cause significant disruption to the Company's operations and result in major costs to develop and implement alternative technologies or products that do not infringe, alternatively to obtain a license from the rights holder. It may also result in the Company's licensees and customers placing guarantee claims on the Company. There is a risk that a successful infringement claim from an external party will mean the Company is unable to develop competitive alternatives at a reasonable cost, or that the Company fails to obtain a license from the rights holder on commercially viable terms, or at all. In addition to disputes in relation to intellectual property rights, the Company may also be involved in other types of disputes and legal proceedings. Should the Company become involved in disputes or other types of legal proceedings, this may result in significant costs and/or claims, which could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

Completed and potential future acquisitions may fail to fully achieve expected financial and strategic synergies

In June 2018, the Company acquired Artplant AS, a Norwegian game studio with a subsidiary in Russia, which at the time of the acquisition had 28 full-time employees and five consultants. In addition, the Company has acquired PETROL Advertising, Inc. ("PETROL") and Antimatter Games Ltd as further described in this Company Description. To fully achieve the expected financial and strategic synergies of completed and future acquisitions, the Company must rationalise, coordinate, and integrate all operations conducted by the acquired business. This process involves time-consuming, costly, and complex technical, operational, and staff-related challenges, which may adversely affect the Company's ordinary operations. For example, the Company uses the Stingray game engine when developing its games, which needs to be implemented in game development processes in the acquired companies. The difficulties, costs and delays that may arise, can include: i) difficulties, costs, or complications in amalgamating the companies' operations, which may cause the Company to fail to achieve the expected synergies, ii) lack of

ability to effectively utilise assets to develop the business in the amalgamated companies, iii) different standards, controls, routines and policies, company cultures and remuneration structures, iv) derailing of management's focus from the operative business and other strategic opportunities, v) lack of collaboration between geographically separated organisations, vi) potential tax costs or tax inefficiency in connection with the integration of company operations, and vii) restructuring costs and investments. Due to the above reasons, the Company may find it difficult to fully achieve the financial and strategic synergies that future acquisitions are expected to bring. Any actual cost savings and synergies can also be lower than what the Company estimated and take longer to achieve than what the Company expects. It may become a reality that the Company does not achieve the expected benefits from such investments or acquisitions, and that these transactions may become unprofitable and burden other parts of the business. If the Company acquires businesses, the Company can likewise have difficulties in integrating personnel and operations, or key personnel within the acquired business may decide to resign. The Company may also face difficulties if technology or products are to be integrated into the Company's operations. Should any of these risks occur, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

Risk of non-growth

To achieve revenue and growth targets, the Company must successfully manage the business opportunities, revenues, product and service qualities required to meet customer demands in the markets where the Company is active. It is also necessary for the Company to be successful in finding qualified personnel. The Company may research new, diversified revenue generating strategies and the increased complexity in the business may lead to additional demands on the Company's systems, controls, procedures and management. This may, in turn, impact upon the Company's ability to successfully manage future growth. Future growth will also mean more responsibility for management, including the need to identify, recruit, train, and integrate additional staff members. The Company may fail to successfully manage such development and growth in the future. Should the Company be incapable of effectively managing its growth or fail to adapt to the changes and increased demands that come with an expansion, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

Risks relating to the processing of personal data

The new General Data Protection Regulation ("GDPR") came into effect within the EU on May 25, 2018. GDPR is directly applicable in Sweden. In the Company's business it is primarily employees' and customers' personal data that are processed. There is a risk that the Company's processing of personal data may increase and/or

be incorrect, or that the measures taken to comply with GDPR may be insufficient, which may lead to disputes, civil and/or criminal proceedings, damaged reputations, as well as to limitations in the use of personal data within the Company's business. Authorised authorities are, for example, entitled to impose administrative fines if certain regulations are not complied with. Should any of these risks materialise, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

Risk of insufficient insurance cover

The Company has signed a business insurance covering the Company's operations in Sweden, the company management, and the CEO. Certain types of losses are generally not covered by insurances, since such losses are deemed not possible to insure. This may include damage caused by war or terror activities, professional responsibility or personal responsibility in case of negligence, intent or criminal acts. In addition, there may be losses that are explicitly excluded or for other reasons not covered by the Company's existing insurance policies. The Company's insurance policies are limited (insured amounts) to certain maximum amounts per incident or series of incidents or, in relation to the total amount, to a particular insurance period. In addition, compensation is generally dependent on the insured party having paid the insurance premium or excess, and that the maximum amount under the insurance has not already been paid out. The Company is a commercial operator and may be affected by all sorts of damage or business interruptions, and if a loss is not covered by insurance, if one or several damages or losses exceed the applicable compensation limit or leads to consequential losses, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

Tax risks

The Company conducts its main operations in Sweden. The Company believes they operate and have, in the past, operated the business in accordance with the Company's interpretation of the currently applicable tax legislation and tax practices. There is a risk that the Company's interpretation of tax legislation and tax practices (including rules and requirements relating to VAT) are incorrect, or that such rules or practices change, which may also have a retroactive effect. Any accumulated tax losses may reduce the Company's future taxable income and thus reduce the company tax that would arise for future profits. Tax losses and the application of related rules are subject to extensive rules of limitation. The Company's ability to utilise, in full or in part, accrued tax losses in the future may also be affected by changes to applicable tax legislation. If accrued tax losses cannot be utilised to reduce tax on future profits, this means the Company's tax costs will be higher. If it turns out that the Company has not conducted its business in

accordance with applicable tax rules, this could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

The Company has revenue in several currencies, which exposes the Company to currency risks

The Company's currency risk consists of two components: transaction risk and translation risk. Transaction risk is the risk of impact on the Company's earnings and cash flow as a result of changes in the value of the flows in foreign currency when changes in the exchange rates occur. The Company mainly have inflow of USD and may in the future have inflows in other currencies. As an example, payments under the agreement with Leyou are in USD. The Company also have net outflows in, for example, NOK, EUR, and USD. This means the Company is continuously exposed to transaction risks. As of the date of this Company Description, the Company has not entered into any currency hedging agreements in relation to NOK, EUR, or USD. The translation risk consists of a risk when translating foreign subsidiaries' net assets to the reporting currency SEK. The Company has foreign subsidiaries in Norway (NOK), Germany (EUR), Russia (RUB), United States (USD) and United Kingdom (GBP). The Company is affected when the foreign subsidiaries' income statements and balance sheets are translated to SEK. These exposures are not hedged. As the exchange rates for foreign currencies are fluctuating in relation to SEK, there is a risk that future changes in exchange rates could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

Interest risk

Interest risk is the risk that the value of financial instruments will vary due to changes in the market interest rates. As of the date of this Company Description, the Group only has interest-bearing financial assets in the form of bank balances. Changes to the market interest rates are affected by a number of factors outside the Company's control, and an increase in interest rates that affect the Company could have a material adverse effect on the Company's revenue, operations, profitability and financial position.

Risks associated with the Bonds

Credit risks

Any investor investing in the Bonds carry a credit risk relating to the Group. The bondholders' ability to receive payment under the Terms and Conditions are therefore dependent upon the Company's and the Group's ability and willingness to meet its payment obligations, which in turn is dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors, a number of which have been discussed herein. An

increased credit risk may cause the market to charge the Bonds a higher risk premium, which would have an adverse effect on the value of the Bonds. Another aspect of the credit risk is that any deterioration in the financial position of the Group may entail a lower credit-worthiness and the possibility for the Group to receive financing may be impaired when the Bonds mature.

Refinancing risk

The Company may be required to refinance its outstanding debt, including the Bonds. The Company's ability to refinance successfully its debt obligations is dependent upon the conditions of the capital markets and the Company's financial position at such time. Even if the markets and the Company's financial position improve, the Company's access to financing sources may not be available on acceptable terms, or at all. The Company's inability to refinance its debt obligations on acceptable terms, or at all, could have a material negative impact on the Group's revenue, operations, profitability and financial position.

Ability to service debt

The Company's ability to service its debt under the Bonds will depend on, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be enforced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. There is a risk that the Group will not be able to affect any of these remedies on satisfactory terms, or at all, which could have a material negative impact on the Group's revenue, operations, profitability and financial position.

Interest rate risks

The value of the Bonds is dependent on several factors, including the level of the general market interest rates over time. The Bonds have a floating rate structure on 3 month STIBOR plus a margin and the interest rate will be determined 2 business days prior to the first day of each interest period. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. An increase of the general interest rate level could adversely affect the value of the Bonds. The general interest rate level is to a high degree affected by the Swedish and the international financial development and is outside the Group's control.

Liquidity risks in connection to an issuance of Bonds

The Company has undertaken to admit the Bonds issued under the initial Bond issue to trading on Nasdaq First North, any other recognised unregulated market place or any regulated market (“Market Place”) within 12 months after the first issue date. It is further the Company’s intention to complete such admittance to trading within 30 calendar days from the first issue date of the Bonds, and if the Bonds have not been admitted to trading within 60 calendar days after the first issue date of the Bonds, each bondholder has a right of prepayment (put option) of its Bonds. However, there is a risk that the Bonds will not be admitted to trading. Further, even if the Bonds are admitted to trading on a Market Place, there is not always active trading in the securities and there is a risk that there will not be a liquid market for trading in the Bonds or that this market will be maintained even if the Bonds are listed. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if they are admitted for trading on a Market Place.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Company’s and the Group’s operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors, some of which have been discussed herein. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Company’s operating results, financial position or prospects.

Currency risk

The Bonds are denominated and payable in SEK. If investors in the Bonds measure their investment return by reference to a currency other than SEK, the investment in the Bonds will entail foreign exchange-related risks. For example, possible significant changes in the value of the SEK relative to the currency by reference to

which investors measure the return on their investments could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss to investors when the return on the the Bonds is translated into the currency by reference to which the investors measure the return on their investments. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Company to make payments in respect of the Bonds. As a result, there is a risk that investors may receive less interest or principal than expected, or no interest or principal.

Dependence on subsidiaries

A part of the Group's assets and revenues relate to the Company's subsidiaries. Accordingly, the Company may to some extent be dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to enable it to make payments under the Bonds. The ability of the subsidiaries to make such payments to the Company is subject to, among other things, the availability of funds, corporate restrictions and the terms of each operation's indebtedness. Should the Company not receive sufficient income from the subsidiaries, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

Structural subordination and insolvency of subsidiaries

In the event of insolvency, liquidation or a similar event relating to one of the Company's subsidiaries, all creditors of such company would be entitled to payment in full out of the assets of such company before the Company, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of such subsidiaries. There is a risk that the Company and its assets would not be protected from actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Group may result in the obligation of the Group to make payments under financial or performance guarantees in respect of such companies' obligations or the occurrence of cross defaults on certain borrowings of the Group, which could have a material negative impact on the Group's revenue, operations, profitability and financial position and on the bondholders' recovery under the Bonds.

Risks relating to the transaction security and the guarantees

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Company. This means that in the event of bankruptcy, re-organisation or winding-up of the Company, the bondholders normally receive payment after any priority creditors have been fully paid to the extent that the

bondholders' claim is not secured by the transaction security for the Bonds (the "Transaction Security") or is not guaranteed by the guarantees for the Bonds (the "Guarantees").

The Transaction Security consists of (i) share pledges over all shares in Toadman Interactive GmbH, Artplant A/S and PETROL together with shares in certain future material subsidiaries directly owned by the Company, and (ii) any present and future money claims under certain material intercompany loans, i.e. loans from the Company provided to any other company in the Group (from time to time) whereby proceeds received under the Bonds are on-lent, provided that such loans reaches certain thresholds.

The Guarantees includes unconditional and irrevocable, joint and several, guarantees (Sw. *proprieborgen*) granted by Toadman Interactive GmbH, Artplant A/S and PETROL for the Company's obligations under the Terms and Conditions.

Additional pledges and guarantees may be provided in accordance with the Terms and Conditions, however there is a period of 40 Business Days before such additional pledges or guarantees have to be granted.

There is a risk that the proceeds from any enforcement of the pledged assets and the guarantees would not be sufficient to satisfy all amounts then due on or in respect of the Bonds.

To the extent the Transaction Security and the Guarantees relates to assets of subsidiaries of the Issuer, each security and guarantee interest granted will be limited in scope to comply with limitations on financial assistance, capital maintenance rules or similar restrictions under applicable law. As a result, the security and guarantee interests can only be enforced if and to the extent that such enforcement will not lead to a violation of these restrictions under corporate laws applicable to the relevant subsidiary, including in Germany, Norway, Sweden and the United States. For example, in Germany, a GmbH is prohibited from disbursing assets to its shareholders to the extent the amount of the GmbH's net assets is already less or would fall below the amount of its stated share capital. Providing security for debt of a direct or indirect shareholder is considered a disbursement to such shareholder. The Transaction Security and the Guarantees may thus not be enforceable in the event of a default of the Company, or only be enforceable in part, which may limit the recovery of the bondholders.

Certain of the pledged assets may be illiquid and have no readily ascertainable market value. For example, the shares that are secured for the benefit of bondholders may provide for only limited repayment, in part because these shares may not be liquid and their value to other parties may be less than their value to the Group. It is not certain that the secured assets will be saleable, or, even if saleable, that there will

not be delays in the realisation of the value thereof. As a result, the bondholders may not recover full or any value in the case of an enforcement sale of such pledged shares. If the proceeds from an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the bondholders will only have an unsecured claim against the remaining assets (if any). Moreover, the Transaction Security will be subject to laws protecting debtors and creditors generally, including restrictions on fraudulent conveyance or voidable preference and hardening periods applicable under relevant bankruptcy laws. These restrictions may give an insolvency receiver or other creditors a right to challenge or void the Transaction Security.

Each guarantee provides the bondholders with a direct claim against the relevant guarantor. However, each guarantee will be limited to the amount that can be guaranteed by the relevant guarantor without rendering the relevant guarantee voidable or otherwise ineffective under applicable law, and enforcement of each guarantee would be subject to certain generally available defences available to guarantors in the relevant jurisdiction. If one or more of these laws and defences are applicable, a guarantor may have no liability or decreased liability under its guarantee depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgments obtained in Swedish courts in such jurisdictions could limit the enforceability of any guarantee against any guarantor.

In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these jurisdictions. The rights of the bondholders under the Transaction Security and the Guarantees will thus be subject to the laws of a number of jurisdictions, and it may be difficult to enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of our jurisdiction of organisation and the jurisdiction of organisation of the pledgors and guarantors may be materially different from, or in conflict with, one another, including creditor's rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to realise any recovery under the Bonds.

Security over assets granted to third parties

The Group may, subject to limitation in the Terms and Conditions, incur additional financial indebtedness and provide security for such indebtedness. In the event of bankruptcy, re-organisation or winding-up of the Company, the bondholders may be subordinated in right of payment out of the assets being subject to security. In addition, if any such third party financier holding security provided by the Group

would enforce such security due to a default by any company in the Group under the relevant finance documents, such enforcement could have a material negative impact on the Group's revenue, operations, profitability and financial position and on the bondholders' recovery under the Bonds.

Risks related to early redemption, prepayment and put option in connection to an issuance of Bonds

Under the Terms and Conditions, the Company has reserved the possibility to redeem all outstanding Bonds on or after the First Call Date (as defined in the Terms and Conditions) and prior to the final redemption date. If the Bonds are redeemed before the final redemption date, the bondholders have the right to receive an early redemption amount, which exceeds the nominal amount of the Bonds. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate.

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put option), if (i) an event or series of events whereby one or more Persons (other than the Main Shareholders, as defined in the Terms and Conditions) acting together, acquire control over the Issuer and where "control" means (a) acquiring or controlling, directly or indirectly, more than 50.00 per cent. of the votes of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer, or (ii) if the Bonds issued under the initial Bond issue have not been listed on a Market Place within 60 calendar days after the first issue date, or (iii) when the Bonds are admitted to trading on the corporate bond list of Nasdaq First North or any other Market Place, if the Bonds are no longer listed thereon or the shares in the Company are not listed and admitted to trading on Nasdaq First North or any other Market Place (as applicable) or trading in the shares in the Company on the relevant market is suspended for a period of 15 consecutive Business Days. There is, however, a risk that the Company will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Company, e.g. by causing insolvency or an event of default under the Terms and Conditions and thus adversely affect all bondholders and not only those that choose to exercise the option.

Ability to comply with the Terms and Conditions

The Company is required to comply with the Terms and Conditions and any related documents. Events beyond the Company's control, including changes in the economic and business condition in which the Group operates, may affect the

Company's ability to comply with, among other things, the undertakings set out therein. A breach of the Terms and Conditions could result in a default under the Terms and Conditions.

No action against the Company and bondholders' representation in connection to an issuance of Bonds

In accordance with the Terms and Conditions, the Agent will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Company. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security and/or guarantee and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that a bondholder, in certain situations, could bring its own action against the Company (in breach of the Terms and Conditions), which could negatively affect an acceleration of the Bonds or other action against the Company. To enable the Agent to represent bondholders in court, the bondholders may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the Agent in such matters could affect a bondholder's rights under the Terms and Conditions and any related documents in a manner that would be undesirable for some of the bondholders.

Bondholders' Meetings in connection to an issuance of Bonds

The Terms and Conditions will include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions will allow stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. Consequently, the actions of the majority in such matters could affect a bondholder's rights in a manner that would be undesirable for some of the bondholders.

Restrictions on the transferability of the Bonds in connection to an issuance of Bonds

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in the United States. The

Company has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country's securities laws. Each potential investor should observe and obey the transfer restrictions that apply to the Bonds. It is each potential investor's obligation to ensure, at own cost and expense, that the offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a bondholder cannot sell its Bonds as desired.

Risks relating to the clearing and settlement in Euroclear Sweden's book-entry system in connection to an issuance of Bonds

The Bonds are affiliated with Euroclear Sweden's account-based system, and no physical Bonds will be issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear Sweden's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent upon the functionality of Euroclear Sweden's account-based system, which is a factor that the Company cannot control. If Euroclear Sweden's account-based system would not function properly, there is a risk that investors would not receive payments under the Bonds as they fall due.

Amended or new legislation

This Company Description and the Terms and Conditions are based on Swedish law in force at their respective date of issuance. The impact of any possible future legislative measures or changes, or changes to administrative practices, may give rise to risks which are not possible to foresee. There is a risk that amended or new legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

Conflict of interests

The issuing agent and the manager have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Company and the Group in the ordinary course of business. Accordingly, there is a risk that conflicts of interest may exist or may arise because of the issuing agent and the manager having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

The liability statement of the Board of Directors

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

Stockholm, 16 July 2019

Toadman Interactive AB (publ)

The Board of Directors

Description of the Issuer, Legal and supplementary information

Introduction of the Issuer

Toadman Interactive AB (publ) (the “**Issuer**”) is a public limited liability company registered in Sweden with registration number 556923-2837, having its registered address at Sveavägen 20, 6tr, SE-111 57 Stockholm, Sweden. The Issuer is a Swedish game development studio established on 13 January 2013 and since 4 February 2019 the Issuer is publicly traded with its shares being listed on Nasdaq First North.

The Group’s business concept is to develop games for a growing consumer market for players on a global basis. Since the establishment in 2013, the Group has been involved in the development of well-known PC, console and mobile titles, including Dead Island, Killing Floor and Warhammer: Vermintide. The Group has two main business areas being development of their own games and consultancy.

The Issuer has five directly and indirectly wholly owned subsidiaries, Toadman Interactive GmbH based in Berlin, Germany, Artplant AS based in Oslo, Norway, and its subsidiary Limited Liability Company Artplant based in Tver, Russia, PETROL Advertising Inc. based in Burbank, California and Antimatter Games Ltd based in Cornwall, Great Britain.

Significant adverse changes and recent material events

There has been no material adverse change in the prospects of the Issuer or the Guarantors since the date of publication of its last audited financial reports and, other than what is stated below, no significant change in the financial or market position of the Group since the end of the last financial period for which audited financial information has been published.

Acquisition of Petrol Advertising Inc.

The Issuer completed the acquisition of all the shares in PETROL Advertising, Inc. on 27 June 2019, for a baseline consideration of USD 18.0 million on a cash and debt free basis (the “**Merger**”). The Merger consideration is comprised partly of an issue of shares in the Issuer of 4,647,435 shares to the shareholders of PETROL Advertising, Inc., based upon USD 7.25 million, equivalent of SEK 67.3 million, and partly of a cash payment of USD 10.75 million, equivalent of SEK 99.8 million as adjusted for changes in the net working capital of PETROL Advertising, Inc. Following the Merger and the issuance of shares in the Issuer, the sellers of PETROL Advertising, Inc., Alan J. Hunter (through the Hunter Trust) and Benjamin A. Granados (through the Granados Family Trust) hold shares and votes in the Issuer.

The Issuer expects the acquisition of PETROL Advertising, Inc. to result in synergies and growth opportunities. The Group has identified several synergies within revenue

generation, an increased geographical reach and strengthened allocation of resources at both companies, as well as cost reductions. Achieving these synergies may result in an enhanced profitability within the Group.

Acquisition of Antimatter Games Ltd

The Issuer completed the acquisition of the shares in Antimatter Games Ltd on 28 June 2019, for a purchase price of GBP 132,000. All the prerequisites for the completion of the acquisition have been met and the Issuer has initiated the work to integrate the management, staff and the business of Antimatter Games Ltd with the Issuer's existing operations.

Description of material agreements entered into outside of the ordinary course of business

Other than the Terms and Conditions of the Bonds and apart from what is stated below, the Group is not part to any material agreement outside the ordinary course of business which could result in such company having a right or an obligation that could materially affect the Issuer's ability to fulfil its obligations under the Bonds. The following is a summary of the material agreements to which the Issuer is a party and considered as outside the ordinary course of business. The following summary does not purport to describe all of the applicable terms and conditions of such arrangements.

Transaction security and guarantees

In connection with the issuance of the Bonds, transaction security documents was provided in favour of the bondholders. The transaction security documents consist of (i) share pledges over all shares in Toadman Interactive GmbH, Artplant AS and PETROL Advertising, Inc. together with shares in any future subsidiary of the Issuer, provided that such subsidiary is a so called material group company (subject to certain conditions), and (ii) any present and future money claims under any material intercompany loans, i.e. loans from the Issuer provided to any other company in the Group (from time to time) whereby proceeds received under the Bonds are on-lent (subject to certain conditions).

In connection with the issuance of the Bonds, guarantees were provided in favour of the bondholders. The guarantees were provided by the guarantors Toadman Interactive GmbH, Artplant AS and PETROL Advertising, Inc. together with any future subsidiary of the Issuer, provided that such subsidiary is a so called additional guarantor (subject to certain conditions (together referred to as the ("**Guarantors**")). For more information regarding the Guarantors, see section "*Information regarding the Guarantors*" below.

Legal disputes

Neither the Issuer nor any Guarantor has, during the previous twelve months, been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened as far as the Group is aware) which may have, or have had in the recent past, significant effects on the Issuer's, the Guarantor's and/or the Group's financial position or profitability.

Information on bankruptcy, liquidation, fraud and similar

None of the members of the Board of Directors or Senior Management of the Issuer or the Guarantors is a closely related party to any other board member or senior executive. There is no conflict of interests between the above-mentioned board members' or senior executives' responsibilities with respect to the Issuer and their personal interests or other obligations (several of the members of the Board of Directors and Senior Management has however financial interests to some extent as a result of their direct or indirect shareholding in the Company, as described below). None of the board members or senior executives have been found guilty in any fraud-related case in the past five years.

Robin Flodin was chairman of the board and Rasmus Davidsson was a board member of the company ZEAL Game Studio AB, who decided on a voluntary liquidation. The liquidator decided that the company would be resigned in bankruptcy and the bankruptcy was completed on 11 February 2015. Sven Folkesson was board member of the company Nuday AB, who decided on a voluntary liquidation. The liquidator decided that the company would be resigned in bankruptcy and the bankruptcy was completed on 8 September 2017. Alexander Albedj was board member of the company Carl&Son Skincare AB, who decided on a voluntary liquidation. The liquidator decided that the company would be resigned in bankruptcy and the bankruptcy has not yet been concluded.

Apart from above stated, none of the board members or senior executives have been involved in any bankruptcy (Sw. *konkurs*), liquidation (Sw. *likvidation*) or administrative reorganisation (Sw. *företagsrekonstruktion*) while serving as a board member or senior executives in the past five years. None of the board members or senior executives have, over the past five years, been the object of official allegations or sanctions by a supervisory or legislative authority, nor have any of them been prohibited by a court of law from serving as a board member or in management, or in any other way been prohibited from conducting commercial activity.

Shareholders' agreements

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

Transactions with closely related parties

During the last three years, the following transactions have been made between the Issuer and related parties.

Ola Nilsson, COO of the Company, has on 27 March 2017 submitted a conditional shareholder contribution to the Company of SEK 90,000 to cover a delayed invoice to the Company. The shareholder contribution was returned to Ola Nilsson in August 2017 after the invoice was paid and the liquidity shortage was rectified. Sven Folkesson has performed legal services for the Company where compensation for the period 13 October 2017 to the day for the Company Description has amounted to SEK 90,000.

Reasons for the decision to apply for admission to trading

The main reasons for the Issuer to apply for admission to trading of the Bonds on Nasdaq First North are to comply with the Terms and Conditions, to simplify trading in the Bonds and to achieve a diversified holding of Bonds.

Date of annual general meeting and publication of financial statements

The Issuer published its annual financial statements for year 2017/2018 on 28 March 2019 and the annual general meeting was held on 9 May 2019. The next interim financial report, Q2 2019, will be published on 28 August 2019 and the following, Q3 2019, will be published on 26 November 2019. The annual general meeting for 2020 will be held, and the next annual financial statements will be published, on or about March 2020.

Description of the ownership structure including shareholdings in the Issuer held by the Board of Directors and Senior Management

The ownership structure

Ownership structure

The Issuer is publicly traded with its shares being listed on Nasdaq First North. The largest shareholders of the Issuer as per 6 July 2019 are set out in the table below.

Shareholder	Shares	Shares and votes (per cent.)
Rasmus Davidsson	3,815,691	17.3 per cent.
Robin Flodin	3,815,691	17.3 per cent.
Alan Hunter	3,637,083	16.5 per cent.
Alexander Albedj	1,677,779	7.6 per cent.
Johan Svensson	1,670,400	7.6 per cent.
Ben Granados	1,010,352	4.6 per cent.
Fatshark AB	1,000,000	4.5 per cent.
Ola Nilsson	680,000	3.1 per cent.
Ted Löfgren	680,000	3.1 per cent.
Avanza Pension	262,545	1.2 per cent.
Other shareholders	3,841,978	17.4 per cent.
Total number of shares	22,091,519	100.0 per cent.

Shareholdings in the Issuer held by the Board of Directors and Senior Management

The Board of Directors and Senior Management of the Issuer and the Senior Management of the Group as a whole currently consist of the following members and have the following shareholdings in the Issuer as per 6 July 2019.

Board of Directors of the Issuer

Alexander Albedj, born in 1989, is chairman and a director of the board of the Company since 2017 and holds 1,677,779 shares and 7.6 per cent. of all shares and votes of the Issuer.

Robin Flodin, born in 1987, is a director of the board and CEO of the Company since 2013 and holds 3,815,691 shares and 17.3 per cent. of all shares and votes of the Issuer.

Marie-Louise Gefwert, born in 1952, is a director of the board of the Company since 2017 and holds 12,751 shares and approximately 0,0005 per cent. of all shares and votes of the Issuer.

Sven Folkesson, born in 1980, is a director of the board of the Company since 2017 and holds no shares in the issuer.

Senior Management of the Issuer

Robin Flodin is CEO of the Company since 2013. For further information, see section Board of Directors of the Issuer above.

Birgitta Lönnberg, born in 1957, is CFO of the Company since 2018 and holds no shares in the issuer.

Ola Nilsson, born in 1988, is COO of the Company since 2013 and holds 680,000 shares and 3.1 per cent. of all shares and votes of the Issuer.

Rasmus Davidsson, born in 1985, is Head of Design since 2013 and cofounder of the Company and holds 3,815,691 shares and 17.3 per cent. of all shares and votes of the Issuer.

Ted Löfgren, born in 1987, is CTO of the Company since 2013 and holds 680,000 shares and 3.1 per cent. of all shares and votes of the Issuer.

Information regarding the Guarantors

This Company Description regards Bonds issued by the Issuer and the obligations under the Bonds are guaranteed through a Guarantee entered into by, or through accessions by, the Guarantors. Each Guarantor irrevocably and unconditionally, jointly and severally, guarantee (Sw. *proprieborgen*) to the Agent and each Holder (as represented by the Agent) as for its own debts (Sw. *såsom för egen skuld*) the Guarantee Obligations in accordance with the Guarantee and the Terms and Conditions. The Issuer and the Guarantors described below are described both individually and jointly, as applicable. In accordance with the Guarantee and the Terms and Conditions, additional Guarantors may accede to the Guarantee (subject to certain conditions).

Toadman Interactive GmbH

Toadman Interactive GmbH is a limited liability company registered in Germany with reg. no. 314775478, having its registered address at Greifenhagener Straße 38, 10437 Berlin, Germany. Toadman Interactive GmbH was registered with the commercial register at the local court (De. *Amtsgericht*) of Charlottenburg on 17 November 2017 and conducts its business in accordance with the laws of Germany.

Board of Directors

Daniel Mesonero Kromand, born in 1984, is sole managing director of the company and holds no shares in the issuer. No Board of Directors has been appointed for the Company in accordance with German company law.

Artplant AS

Artplant AS is a private limited liability company registered in Norway with reg. no. 983807747, having its registered address at Lilletorget 1, 0184 Oslo, Norway. Artplant AS was registered with the Norwegian companies register on 22 October 2001 and conducts its business in accordance with the laws of Norway.

Board of Directors

Robin Flodin is chairman of the Board of Directors of the company. For further information, see section Board of Directors of the Issuer above.

Mats Ola Tobias Nilsson, born in 1988, is member of the Board of Directors of the company and holds no shares in the issuer.

PETROL Advertising, Inc.

PETROL Advertising, Inc. is a private limited liability company registered in United States, having its registered address at 443 North Varney Street Burbank, CA 91502.

PETROL Advertising, Inc. conducts its business in accordance with the laws of California.

Board of Directors

Alexander Albedj is chairman of the Board of Directors of the company. For further information, see section Board of Directors of the Issuer above.

Robin Flodin is member of the Board of Directors of the company. For further information, see section Board of Directors of the Issuer above.

Alan Hunter, born in 1975, is member of the Board of Directors of the company and holds 3,637,083 shares and 16.5 per cent. of all shares and votes of the Issuer.

Ben Granados, born in 1962, is member of the Board of Directors of the company and holds 1,010,352 shares and 4.6 per cent. of all shares and votes of the Issuer.

Financial information

Copies of the Guarantor's audited annual reports for the financial years 2017 and 2018, where such reports have been prepared, can be obtained from the Issuer in paper format upon request.

Description of the Bonds

This section contains a general and broad description of the Bonds and is not a comprehensive description of the Bonds. Potential investors should therefore carefully consider this Company Description as a whole before a decision is made to invest in the Bonds. As stated under section “Important Information” above, terms not defined herein shall have the same meaning as in the Terms and Conditions.

Description of the Terms and Conditions

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and are debt instruments intended for public market trading, which confirm that each Holder has a claim against the Issuer. The Net Proceeds of the Initial Bond Issue have been used to finance the acquisition of PETROL Advertising, Inc. but will thereafter also be used to finance general corporate purposes of the Group, including investments and acquisition. Any proceeds from a Subsequent Bond Issue shall be used for general corporate purposes of the Group, including investments and acquisitions. The First Issue Date for the Bonds was 17 June 2019 and the Bonds will mature on 17 June 2022.

The aggregate nominal amount of the Bonds is maximum SEK 500,000,000 represented by Bonds denominated in SEK with ISIN SE00127022470, each with an Initial Nominal Amount of SEK 1,250,000. The total nominal amount of the Bonds issued in the Initial Bond Issue is SEK 120,000,000. All Bonds issued in the Initial Bond Issue are issued on a fully paid basis at an issue price of 100.00 per cent. of the Initial Nominal Amount.

The Bonds have been issued in accordance with Swedish law and are affiliated to the account-based system of Euroclear Sweden AB. This means that the Bonds are registered on behalf of the Holders on a securities account (Sw. *VP-konto*). No physical bonds have been or will be issued. Payment of principal, interest and, if applicable, withholding of preliminary tax will be made through Euroclear’s book-entry system.

The Issuer shall redeem all outstanding Bonds at 100.00 per cent. of the Nominal Amount together with accrued but unpaid interest on the Final Redemption Date, unless redeemed or repurchased in advance of such date in accordance with Clause 11 (*Redemption, repurchase and prepayment of the Bonds*) or terminated in accordance with Clause 15 (*Termination of the Bonds*) of the Terms and Conditions.

The Issuer may choose to redeem all, but not only some, of the Bonds in full on any Business Day prior to the First Call Date, but before the Final Redemption Date at the applicable Call Option Price together with accrued but unpaid Interest (see

further Clause 11.3 (*Early voluntary redemption by the Issuer (call option)*) of the Terms and Conditions).

Upon a Change of Control Event, a De-listing Event or a Listing Failure Event occurring, each Holder shall have the right to request that all or only some of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount (plus accrued and unpaid interest) during a period of 15 calendar days following the notice of the relevant event (exercise period). The settlement date of the put option shall occur within 20 Business Days after the expiry of the exercise period (see further Clause 11.5 (*Mandatory repurchase due to a Change of Control Event, De-listing Event or a Listing Failure Event (put option)*) of the Terms and Conditions).

Payment of the Nominal Amount and/or interest will be made to the person who is a Holder on the Record Date prior to the relevant payment date. Payments shall be made in SEK. The right to receive repayment of the principal amount outstanding of the Bonds is time-barred and becomes void ten years from the relevant Redemption Date.

The Bonds bear interest from, but excluding, the First Issue Date or any Interest Payment Date or, in respect of Subsequent Bonds, the Interest Payment Date falling immediately prior to their issuance, up to and including the next succeeding Interest Payment Date at a fixed rate of 12.00 per cent. per annum.

Interest will be payable quarterly in arrears on 17 March, 17 June, 17 September and 17 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 17 September 2019 and the last Interest Payment Date being the Final Redemption Date (or any final redemption date prior thereto)). The right to receive payment of interest is time-barred and becomes void three years from the relevant due date for payment.

Intertrust (Sweden) AB, reg. no. 556625-5476, is acting as Agent for the Holders in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions.

An agreement was entered into between the Agent and the Issuer before the First Issue Date regarding, *inter alia*, the remuneration payable to the Agent. The rights, obligations and the representation of the Agent are set forth in the Terms and Conditions.

Each of the Issuer, the Agent and Holders representing at least 10 per cent. of the Adjusted Nominal Amount, may request that a Holders' Meeting is convened (see further Clause 18 (*Holders' Meeting*) of the Terms and Conditions) or request a

Written Procedure (see further Clause 19 (*Written Procedure*) of the Terms and Conditions). Such Holders' Meeting or Written Procedure may, upon votes representing a relevant majority of Holders eligible for voting, cause resolutions to be validly passed and binding on all Holders.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall firstly be applied towards payment of all costs and expenses incurred by and any remuneration payable to the Agent under the Finance Documents and the Agent Agreement, secondly in or towards payment of accrued but unpaid Interest under the Bonds, thirdly in or towards payment of any unpaid principal under the Bonds and fourthly in or towards payment of any other costs or outstanding amounts unpaid under the Finance Documents. Any excess funds shall be transferred to the Issuer.

The Bonds are freely transferrable and trading can occur from their date of issuance. Holders may however be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Holder may be subject (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) for business). Each Holder must ensure compliance with local laws and regulations applicable at their own cost and expense. All Bond transfers are subject to the Terms and Conditions and the Terms and Conditions are automatically applicable in relation to all Bond transferees upon the completion of a transfer.

To simplify trading in the Bonds, the Company intends to apply for admission to trading of the Bonds on Nasdaq First North. The earliest date for admitting the Bonds to trading on Nasdaq First North is expected to be on or about 18 July 2019. The fact that an application regarding admission to trading of the Bonds on Nasdaq First North has been submitted does not mean that the application will be approved.

The Terms and Conditions include an undertaking for the Company to ensure that the Bonds are admitted to trading on a Market Place. According to Clause 13.2 of the Terms and Conditions, the Company shall ensure that Bonds issued in the Initial Bond Issue are admitted to a trading on a Market Place, within 12 months after the First Issue Date. The Company may at one or more occasions after the First Issue Date issue Subsequent Bonds. Any Subsequent Bonds issued shall be listed on a relevant Market place within 20 Business Days from their issuance.

Description of ranking of the Bonds

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among them. The Bonds are secured by the Transaction Security and guaranteed by the Guarantees.

Description of Bondholders' representation and exercise of rights

Intertrust (Sweden) AB is the initial Agent. Even without a separate authorisation from the Holders and without having to obtain any Holder's consent (if not required to do so under the Terms and Conditions), the Agent, or a person appointed by the Agent, is entitled to represent the Holders in every matter concerning the Bonds and the Finance Documents. The Agent is authorised to act on behalf of the Holders whether or not in court or before an executive authority (including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Bonds). Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), as the Agent deems necessary for the purpose of carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Holder which does not comply with such request of the Agent.

Limitations of Bondholders' exercise of rights

In accordance with the Terms and Conditions, the Agent will represent all Holders in all matters relating to the Bonds and the Holders are prevented from taking actions on their own against the Issuer (unless it is explicitly stated otherwise in the Terms and Conditions). Consequently, individual Holders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security and may therefore lack effective remedies unless and until a requisite majority of the Holders agree to take such action. To enable the Agent to represent Holders in court, the Holders may have to submit a written power of attorney for legal proceedings. The Agent is under no obligation to represent a Holder which does not comply with such request.

Details of any credit rating

Neither the Issuer nor the Bonds have a credit rating from an international credit rating institute.

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