



Nasdaq First North Growth Market Q&A

Questions and Answers on the Admission Requirements, Admission Process, Disclosure Requirements, Certified Adviser, and Observation Status

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INTRODUCTION

The purpose of this Q&A is to facilitate the understanding of the Nasdaq First North Growth Market's ("First North Growth Market") Admission Requirements and admission process, as well as the requirements on Certified Advisers, in addition to the rules and guidance text set out in the Nasdaq First North Growth Market Rulebook as applicable from time to time (the "Rulebook"). Similar to the guidance text set out in the Rulebook, the Q&A represents Nasdaq Nordic's (the "Exchange") interpretation of current practice.

This Q&A should be read in conjunction with the Rulebook and may be subject to change at short notice. For the latest version of the Q&A, please refer to Nasdaq First North Growth Market's website at <https://www.nasdaq.com/solutions/european-rules-and-regulations>. Please note that specific local practices and procedures may apply.

CHAPTER 2 | ADMISSION TO AND VOLUNTARY REMOVAL OF FINANCIAL INSTRUMENTS FROM TRADING

2.2 THE ADMISSION PROCESS FOR SHARES

To what extent does the Exchange take into consideration transactions with closely-related parties in its admission review?

The Exchange carries out an overall assessment of the Issuer's general appropriateness. Transactions between the Issuer and closely-related parties which are not entered into in the normal course of business, and especially if these have taken place recently, may be queried by the Exchange. The Issuer should be prepared to explain the background to any such transactions and to what extent such transactions will continue or be entered into after the admission to trading. Additional disclosure may be required in relation to such transactions.

The widespread existence of transactions with closely-related parties, even those considered to be carried out in the normal course of business, may also lead to additional requirements being imposed on the Issuer's Board of Directors and management, for example with respect to the existence of independent directors.

The term "closely related parties" shall be defined in accordance with the definition in the accounting legislation applicable to the specific Issuer.

2.2.3 How is the 20 business day review timetable to be understood? (Sweden only)

Once a listing application is deemed complete and the 20 business days review timetable starts, the Exchange relies on prompt and complete responses by companies and their advisors to all follow-up questions set by the Exchange. If the Exchange in a given case is able to complete its review of an Issuer more quickly, on the basis of prompt and complete submissions, it will do so. In practice, this may mean completion of review in 1-2 business days less than the time limit set out in the rule, rarely more. This is not something that can be agreed in advance with the Exchange since it depends in large part on the quality and speed of submissions made by the parties to the Exchange during the listing review.

2.2.5 Can the Exchange provide conditional approval of the application?

Yes, a decision for approval of admission to trading may be subject to conditions. Some examples of such conditions include that the requirement on number of shareholders and free float be fulfilled prior to the admission to trading or, where applicable, that the relevant Financial Supervisory Authority approves the Issuer's prospectus.

Please note that the Exchange's approval is always subject to a standard condition of nothing occurring with respect to the Issuer, before the first day of trading, which might give rise to a different assessment by the Exchange.

A conditional approval is not applicable on Nasdaq First North Growth Market Finland.

2.3 ADMISSION REQUIREMENTS FOR SHARES

2.3.2 Sanction screening

Does the Exchange carry out any sanction screening of the Issuer?

Yes, the Exchange performs sanctions screening on all Issuers. The Exchange needs certain information to carry out the sanctions screening. The information must be compiled in a separate form, available on Nasdaq First North Growth Market's website :

<https://www.nasdaq.com/solutions/european-surveillance-general-listing-forms>. The form, together with (1) a certificate of registration not older than two months and (2) a group structure chart shall be submitted to the Exchange.

Please note that a sanctions screening approval is only valid for two months, after which a new sanctions screening must be carried out based on updated sanctions screening form and certificate of registration provided to the Exchange.

2.3.6 Working Capital

How should the Issuer demonstrate that it has sufficient working capital for at least twelve (12) months from the first day of trading?

The Issuer should provide a basis for the calculation of the working capital requirements of the Issuer for the twelve (12) months following first day of trading. The basis for the calculation of the working capital requirements of the Issuer should clarify whether the Issuer has sufficient resources to cover a reasonable worst-case scenario (sensitivity analysis).

The Issuer may not base such a calculation of the working capital requirements on (i) expected income that vastly exceeds the Issuer's historical income or (ii) a cost structure that is lower than the historical costs demonstrated. Further guidance can be found in ESMA guidelines on disclosure requirements under the Prospectus Regulation (section 30). For an Issuer which is the parent company of a group, and as such whose financial information is presented on a consolidated basis, the working capital statement should also be calculated based on the group and the consolidated financial situation according to section 35 of ESMA guidelines on disclosure requirements under the Prospectus Regulation.

What is taken into consideration with regards to the Issuer's financing?

As part of the Company Description or Prospectus, the Issuer shall provide an explanation that the Issuer possesses sufficient working capital in order to be able to conduct its planned business for at least twelve (12) months from first day of trading.

The Exchange has taken note of the existence of a certain financing solution that risk leading to large price declines in the listed company's share (death spiral financing). The structure varies in its form, but normally entails that the Issuer takes out a convertible loan that is repaid with newly issued shares in the listed company instead of money. The timing of when the conversion from the loan to shares is to take place and at what subscription price is not normally determined in advance. The lender usually owns the control for when conversion is to take place and this at a subscription price that corresponds to the volume-weighted average price of the company's stock during a certain time interval with a certain stated discount. In combination with this arrangement and prior to invoking conversion, the lender can have borrowed shares and sold these in the market, so-called short selling, which creates incentives for the lender to make the share price fall in the pricing period.

The Exchange finds that this type of financing imposes great risks for the Issuer, the investors, the marketplace and the securities markets in general. Hence, companies with this type of financing will, in principle, not be accepted for admission to trading on Nasdaq First North Growth Market. The Exchange would like to emphasize that the use of convertible instruments in general does not preclude a company from being admitted to trading. The Exchange will make an assessment of the Issuer's financing in each individual case and encourages the Issuer to consult the Exchange in case of doubt.

2.3.8 The Issuer's organization**How is the guidance on "majority" applied in relation to the Senior Management and the Board of Directors?**

The guidance text applies to the Senior Management and to the Board of Directors individually rather than collectively. This means that the majority of the Senior Management, and the majority of the Board of Directors, respectively shall have been active in their current positions in the Issuer for a period of at least three months and have participated in the production of at least one annual or other financial report issued by the Issuer, prior to the admission to trading.

The guidance on "majority" refers to more than half of the members of the Board or the Senior Management, meaning that it is not sufficient for only half of the members of the Board or the Senior Management to meet the requirement.

2.3.9 Capacity for providing information to the market

What factors are of significance in the Exchange's assessment of the Issuer's capacity for providing information to the market?

The Issuer shall maintain the necessary routines and systems to manage information disclosure, including systems and procedures to manage financial reporting. This is necessary in order to ensure that the Issuer can provide the market with correct, relevant and clear information. The Issuer shall have the requisite internal controls and ability to ensure the quality of the information it intends to make public. Consequently, the requisite internal management, controls, and regulatory compliance are part of the admission requirement for the capacity for providing information to the market.

The Exchange carries out an overall assessment, taking into consideration, among other things, the following:

- Suitability of the Senior Management and the Board of Directors.
- The overall experience and expertise of the Senior Management regarding information disclosure and financial reporting.
- The Board of Directors and Senior Management having undergone the Exchange's seminar concerning the obligations of an Issuer.
- The availability of the relevant individuals, particularly during trading hours.
- The requisite backup within the operating organization in order to be able to handle information disclosure issues.

The basis for the assessment primarily consists of information provided by the Issuer's Certified Adviser in the Nasdaq Listing Center, the Issuer's information/communication policy and other relevant documentation such as a due diligence report as applicable.

What is required in practice to meet the requirement in rule 2.3.9 (c) in connection with an Issuer's information policy?

Rule 2.3.9 (c) requires an information policy that covers all the disclosure requirements of MAR, including delayed disclosure of inside information and it shall also cover the disclosure obligations in the Rulebook. It is up to the Issuer to organize its information handling in the way that works best for it, always bearing in mind the obligation to disclose required information as soon as possible.

The information policy shall be specific to the Issuer's organization, type of business and general working procedures. The procedures are expected to describe not only which obligations the Issuer has to comply with but also how the Issuer intends to ensure compliance.

As the information policy shall be designed in such a manner that compliance with it is not dependent on a single person, it shall also contain a clear delegation order and division of responsibilities. The Issuer's responsibility to provide information should lie at an operational level. The Issuer's internal procedures are expected to enable the Issuer to set aside ordinary

discussion- and (pre-)approval procedures in order to comply with the obligation to disclose information as soon as possible in all circumstances.

2.4 SUBSCRIPTION AND OPTION RIGHTS

2.4.2 Are there any liquidity requirements for subscription and option rights?

No, according to 2.4.2 in the Rulebook, there are no liquidity requirements for subscription and option rights.

At Nasdaq First North Growth Market Finland, a separate rulebook (Nasdaq Other Instruments Finland – Rulebook) applies to option rights which stipulates that conditions for sufficient supply and demand shall exist.

CHAPTER 3 | COMPANY DESCRIPTION

3.1 GENERAL

What is the basis for the Exchange's assessment of the Company Description?

The requirements on the content of the Company Description are set forth in Section 3.2 of the Rulebook. However, the Exchange may require additional content where considered necessary in order for an investor to be able to make a well-founded assessment of the Issuer and the financial instruments.

The requirements on the content of the Company Description are to a large extent based originally on the requirements applicable to prospectuses. It is therefore natural for the Exchange to seek guidance in both the EU Prospectus Regulation as well as the case law of ESMA or the national Financial Supervisory Authorities, as applicable, in situations where corresponding requirements exist in the prospectus legislation. Typical examples include the drafting of pro forma accounts (chapter 6 of the ESMA guidelines on disclosure requirements under the Prospectus Regulation) and the publication of earnings forecasts (chapter 4 of the ESMA guidelines on disclosure requirements under the Prospectus Regulation).

3.2 THE CONTENT OF THE COMPANY DESCRIPTION

3.2.1 (b) Is annual financial information provided in a Company Description to be audited?

Issuers are required to provide audited financial information in their Company Description and other application documents.

The last year of audited annual financial information may not be older than 15 months from the date of the publication of the Company Description, meaning if publication of the Company Description is within the second quarter or later in the financial year audited financial information for the immediately preceding financial year shall be included.

In respect of Issuers with a shorter financial history than two years the Issuer shall include;

- last audited annual financial report if the Company Description is published in the second quarter or later of the second year of financial history or;
- audited interim financial information covering at least the first six months of the financial year if the Company description is published within the first quarter of the second financial year.

Are there any special information requirements imposed on real estate Issuers?

According to Sections 128–130 of CESR's (now ESMA) recommendations on the prospectus rules, a valuation certificate shall be included in prospectuses for, *inter alia*, real estate Issuers. The

certificate may not be more than one year old and shall cover all real estate held. The Exchange applies corresponding practice in relation to Company Descriptions for real estate Issuers.

Are there any special information requirements imposed on life science Issuers?

Life science Issuers include, for example, pharmaceuticals companies and medical-technical companies. For these Issuers which are in a development phase, but also for Issuers in a commercial phase, the need for transparency is particularly important. The Company Description or prospectus should therefore contain thorough and clear information regarding (1) what development phase the Issuer is in, (2) which licenses are required to commercialize the product, (3) at what stage in such licensing process the Issuer is, (4) what remains to be done in the licensing process, (5) the financing required in order to achieve the commercialization or sales, or other ultimate goals, and (6) for how long the Issuer's existing financing will last.

Additional guidance for Nasdaq First North Growth Market Sweden regarding what information investors in Life Science Issuers often consider relevant can also be found in recommendations and guidelines from national industry organizations, as applicable, such as the Swedish organization SwedenBIO's "Recommendations for publication of information regarding companies in a development phase", available at: <https://swedenbio.se/wp-content/uploads/2021/01/branschstandard-vid-kapitalanskaffning-inom-life-science.pdf>

Nasdaq First North Growth Market Finland – Is it possible to include a Basic Information Document as part of the Company Description?

Yes, it is possible to include the required information in the Company Description. No separate document is required. The Company Description shall be disclosed and delivered to the Finnish Financial Supervisory Authority as required by the Finnish Securities Market Act.

CHAPTER 4 | DISCLOSURE AND INFORMATION REQUIREMENTS

4.2 OTHER DISCLOSURE REQUIREMENTS

4.2.5 Issues of Financial Instruments

What information is required if an issue of shares carried out in conjunction with the admission to trading is concluded after the time of approval and publication of the Company Description or prospectus?

If an issue of shares carried out in conjunction with the admission has not yet been concluded at the time of approval of admission to trading and publication of the Company Description or prospectus, the issuer must following the completion of the share issue disclose, as applicable on the specific Nasdaq First North Growth Market, the result of the offering. The disclosure should include information about the number of Qualified Shareholders and free float, as well as updated information regarding capitalization and net liabilities, and ownership structure after the share issue.

CHAPTER 5 | CERTIFIED ADVISER

5.3 REQUIREMENTS REGARDING THE DESIGNATED CONTACT PERSON(S)

5.3.1 (d) In order to be approved as a Designated Contact Person the applicant need to attend a seminar and undertake education and training provided by the Exchange, for how long is such an attendance valid?

The applicant shall attend a seminar and undertake education and training provided by the Exchange. The Exchange will make a concrete assessment in each case, but as a general practice the attendance will be valid no longer than twelve (12) months before the Exchange's approval.

5.4 THE CERTIFIED ADVISER'S OBLIGATION IN THE ADMISSION PROCESS

Does the Exchange regulate the scope of a review of the Issuer?

The Exchange expects that a review of the Issuer will cover the Issuer's entire group, and not only the legal entity of the Issuer itself, e.g. in the form of due diligence report, including internal procedures and policies. If the Issuer considers there is special reason to exclude parts of the group from the review, the reasoning for this should be presented to the Exchange.

The Certified Adviser normally bases its certification on the Issuer fulfilling all Admission Requirements to the Exchange on a legal review/IPO due diligence review, i.e. that the Certified Adviser has taken every reasonable measure to inform itself of the Issuer's history and admission to trading and that the Certified Adviser can recommend the Exchange to approve the application for admission to trading.

5.6 INDEPENDENCE

Is the Certified Adviser allowed to own shares in an issuer?

According to 5.6.1 of the Rulebook, the starting point is that the Certified Adviser, including the group of companies which the Certified Adviser is part of, should not own any shares or share-related instruments in an issuer for which it acts as Certified Adviser, on the basis that this can lead to a conflict of interest. However, such shareholdings are permitted under certain conditions. These exemptions are regulated in 5.6.2 and 5.6.3 of the Rulebook.

According to 5.6.2 of the Rulebook, holdings are allowed under the conditions that (i) they do not exceed 10 % of either the shares or voting rights in the issuer, and (ii) the Certified Adviser ensures it has in place adequate safeguards to prevent any conflicts of interest arising from the holding. It is for the Certified Adviser to ensure that any holding does not exceed the 10% threshold, and to ensure the robustness of the adequate safeguards.

The trading (i.e. buying or selling, as opposed to merely holding) by a Certified Adviser of shares or share-related instruments in an issuer for which it acts as Certified Adviser leads to a particular risk of conflict of interest. The Certified Adviser should therefore exercise particular caution in this regard. In line with the principle set out above, it is for the Certified Adviser to ensure the robustness of its safeguards against conflict of interest if it chooses to trade in the shares or share-related instruments of an issuer. Note that personnel acting as Certified Adviser may not deal at all in shares or share-related instruments in any issuer for which the Certified Adviser acts as such.

Payment by an issuer, in whole or in part, of its Certified Adviser in shares or share-related instruments of the issuer is not permitted since such a payment in itself can produce a conflict of interest. This is the case regardless of whether the Certified Adviser has separate shareholding and advisory departments, for example.

According to 5.6.3 of the Rulebook, acquisition by the Certified Adviser of shares or share-related instruments in an issuer for which it acts as Certified Adviser for the purpose of acting as an underwriter or as an equivalent guarantor in case of a public offering are not subject to any restriction. However, where this occurs, the Certified Adviser shall take appropriate measures to reduce its holdings whenever possible according to prevailing market conditions.

Are personnel involved in the function as Certified Adviser allowed to own shares in an Issuer?

No. The trading (i.e. buying or selling) by personnel involved in the function as Certified Adviser of shares or share-related instruments in an Issuer for which the Certified Adviser acts as such is not allowed. This restriction applies to shares or share-related instruments in any and all Issuers for which the Certified Adviser acts as such, and not just the Issuer(s) with which the personnel in question works. In practice, this will usually exclude such personnel from owning shares in an Issuer for which the Certified Adviser acts.

A very limited exception to the above could arise in a case where personnel had pre-existing shareholdings in an Issuer at the time at which the Certified Adviser for which they work began acting for that Issuer. In such case the shareholding of the personnel shall be maintained and no trading in these shares or share-related instruments may take place during the period of engagement of the Certified Adviser.

Please also note that according to 5.2.1(h) of the Rulebook, the Certified Adviser shall have in place internal rules regarding trading in financial instruments in Issuers for which the Certified Adviser acts as such. The Exchange expects that such internal rules prescribe, among other things, that personnel involved in the function as Certified Adviser shall not be allowed to trade in the shares or share-related financial instruments of any Issuer for which the Certified Adviser acts as such.

CHAPTER 6 | SURVEILLANCE ACTIONS AND ISSUER'S OBLIGATION TO PROVIDE INFORMATION TO THE EXCHANGE AND THE CERTIFIED ADVISER

6.3 OBSERVATION STATUS

6.3.1 How does death spiral financing affect observation status for Issuers?

Issuers that use death spiral financing (see item 2.3.6 above for definition) will be given observation status due to the existence of a circumstance that leads to substantial uncertainty regarding the Issuer or the pricing of its Financial Instruments traded on Nasdaq First North Growth Market.

Any financing arrangement that the Exchange deems to constitute death spiral financing under the conditions set out above, will lead to the Issuer being placed on observation status once the financing has been used, regardless of any provisions against short selling in the financing agreement. Furthermore, the financing will not be considered in any assessments of the Issuer's financial position for Issuers already under observation status due to material adverse uncertainty in respect of their financial position.

MISCELLANEOUS |

Nasdaq First North Growth Market Sweden – Is the Issuer obligated to comply with generally accepted practices in the securities market?

Every measure taken by a Swedish limited company with shares admitted to trading on an MTF, such as First North Growth Market, is subject to the assessment of the Swedish Securities Council. The same applies in relation to foreign limited companies with shares or depositary receipts admitted to trading on an MTF to the extent the measure taken is subject to assessment according to Swedish rules. Supplement B to the Rulebook states that Issuers on First North Growth Market Sweden shall comply with generally accepted practice on the securities market.

Even if the Issuer is not yet admitted to trading but has taken measures in preparation for having its shares admitted, it must ensure that its actions are in compliance with generally accepted practice.

The Exchange wishes to particularly point out to Issuers in the admission process the principles set forth by the Swedish Corporate Governance Board and the Swedish Securities Council on incentive programs. The Swedish Corporate Governance Board has issued Rules on Remuneration of the Board and Executive Management and on Incentive Programs which is now administrated by the Stock Market Self-Regulation Committee. Issuers which are preparing for admission to trading have been expressly exempted from the application of these principles provided that the ownership is not widespread and no organized trading in the shares is occurring. However, the Exchange may question the adoption of an incentive program in contravention of the principles set forth in Rules on Remuneration of the Board and Executive Management and on Incentive Programs where this takes place after the Issuer has commenced an admission procedure. Such actions may be regarded as an obvious circumvention of Rules on Remuneration of the Board and Executive Management and on Incentive Programs.

Does the Issuer's auditor need previous auditing experience for listed companies?

In order to ensure that the Issuer's financial reporting fulfils the requirements imposed on an Issuer admitted to trading, the Exchange recommends that the Issuer's auditor should have previously performed an audit on a listed company.