

# **GOLDEN HEIGHTS AKTIEBOLAG (PUBL)**

## **PROSPECTUS REGARDING LISTING OF MAXIMUM SEK 400,000,000 SENIOR SECURED FLOATING RATE NOTES**

**(the "Notes")**

**2019/2022**

**ISIN: SE0010599498**

**26 April 2019**



**SE|B**

## IMPORTANT INFORMATION

This Prospectus (the "**Prospectus**") has been prepared by Golden Heights Aktiebolag (publ) (the "**Company**" or the "**Issuer**", or together with its subsidiaries (unless otherwise indicated by the context) the "**Group**"), a limited liability company incorporated in Sweden (org. nr 556711-9648), in relation to the application for listing of notes issued under Issuer's maximum SEK 400,000,000 senior secured floating rate notes 2019/2022, with ISIN SE0010599498 (the "**Notes**") of which SEK 400,000,000 was issued on 8 March 2019 (the "**First Issue Date**"), on the Corporate Bond List at Nasdaq Stockholm AB ("**Nasdaq Stockholm**"). The "**Sole Bookrunner**" means Skandinaviska Enskilda Banken AB (publ). "**Euroclear Sweden**" refers to Euroclear Sweden AB. "**SEK**" denote the lawful currency of Sweden and "**EUR**" denotes the single currency of the member states of the European Union that has the euro as its lawful currency in accordance with the legislation of the European Union relating to Economic and Monetary Union. Words and expressions defined in the terms and conditions of the Notes and which are included in the terms and conditions of the Notes included in this Prospectus at pages 37 to 72 (inclusive) (the "**Terms and Conditions**") have the same meanings when used in this Prospectus, unless expressly stated or the context requires otherwise.

This Prospectus has been prepared in accordance with the rules and regulations in the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*) (the "**Trading Act**") and the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the "**SFSA**") pursuant to the provisions in Chapter 2, Sections 25 and 26, of the Trading Act. It should be noted that such approval and registration does not constitute any guarantee from the SFSA that the information in this Prospectus is accurate or complete. This Prospectus has been prepared in English only and is governed by Swedish law. Disputes concerning, or related to, the content of this Prospectus shall be subject to the exclusive jurisdiction of the courts of Sweden. The District Court of Stockholm (*Sw. Stockholms tingsrätt*) shall be the court of first instance. The Prospectus is available at the SFSA's website (fi.se) and the Company's website (iduna.se). Paper copies of the Prospectus may be obtained on request from the Issuer.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. No responsibility or liability is accepted by the Sole Bookrunner as to the accuracy or completeness of the information contained or incorporated in this Prospectus.

This Prospectus is not an offer to sell or a solicitation of an offer to purchase, nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would require preparation of a prospectus or any other offer document, or be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction. None of the Company, the Sole Bookrunner or any of their representatives has taken or will take any action to permit the distribution of this Prospectus or a public offering in any such jurisdiction. Persons into whose possession this Prospectus are required to inform themselves about, and comply with, such restrictions, laws and regulations applicable at their own cost and expense. The distribution of this Prospectus and the private placement of the securities in certain jurisdictions may be restricted by law. No action has been or will be taken to permit a public offering in any jurisdiction. Persons into whose possession this Prospectus comes are required to inform themselves about, and to observe, such restrictions.

The Notes may not be offered or sold in the United States absent registration or an exemption from registration as provided in the U.S. Securities Act of 1933, as amended. The Notes are being offered and sold only outside the United States to persons other than U.S. persons ("non-U.S. purchasers", which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)) in reliance upon Regulation S under the Securities Act ("Regulation S"). As used herein, the terms "United States" and "U.S. person" have the meanings as given to them in Rule 902 of Regulation S under the U.S. Securities Act of 1933, as amended. The Sole Bookrunner is not a U.S. registered broker-dealer and, therefore, it will not effect any sales of the Notes in the United States or to U.S. persons. Subject to certain exemptions, the Company does not intend to register any portion of any offering of the securities in the United States or to conduct a public offering of the securities in the United States.

No person has been authorised to provide any information or make any statements other than those contained in this Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorised or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. Neither the publication of this Prospectus nor the offering, sale or delivery of any Note implies that the information in this Prospectus is correct and current as at any date other than the date of this Prospectus or that there have not been any changes in the Issuer's or the Group's business since the date of this Prospectus. If the information in this Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in the Trading Act. Each potential investor in the Notes must in light of its own circumstances determine the suitability of the investment. In particular, each potential investor should: (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes; (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Prospectus contains certain forward-looking statements that reflect the Issuer's current views or expectations with respect to future events and financial and operational performance. The words "*intends*", "*estimate*", "*expect*", "*may*", "*plan*", "*anticipate*", "*considers*" or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward looking statement. Factors that could cause the Issuer's and Group's actual business, results of operations and financial position to differ from the forward-looking statements include, but are not limited to, those described in the section "*Risk factors*" below. The forward-looking statements included in this Prospectus apply only to the date of the Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to the Issuer and the Group or persons acting on the Issuer behalf is subject to the reservations in or referred to in this section.

The Prospectus contains market data and industry forecasts, including information related to the sizes of the markets in which the Group participates. The information has been extracted from a number of sources. Although the Issuer regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading. In addition to the above, certain data in the Prospectus is also derived from estimates made by the Issuer.

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## **RISK FACTORS**

*Investing in notes always involves inherent risks. The financial performance of Golden Heights Aktiebolag (publ) (the "**Issuer**" or "**Company**") and its subsidiaries (the "**Subsidiaries**" and together with the Company, the "**Group**") and the risks associated with its business are important when making a decision on whether to invest in the Notes. A number of risk factors and uncertainties may adversely affect the Company and the Group, and hence also the Notes. If any of these risks or uncertainties actually occurs, the business, results of operations and financial position of the Group may be materially and adversely affected. This could in turn affect the Company's ability to fulfil its obligations, to make payments of interest and repayments of principle under the terms and conditions of the Notes.*

*In this section a number of risk factors are described, both general risks attributable to the Issuer's and the Group's operations and main risks linked to the Notes in their capacity of financial instruments. The intention is to describe such risks that are related to the Issuer's operations and thus also its ability to fulfil its obligations in accordance with the Terms and Conditions of the Notes. The risks presented in this Prospectus are not to be considered exhaustive. Other risks that are not described in this Prospectus could also materially and adversely affect the Group, the price of the Notes and the Company's ability to service its debt obligations. Furthermore, the risks in this section are not ranked in order of importance or probability.*

*Before making a decision about acquisition of the Notes, any potential investors should carefully consider the risk factors outlined below, as well as any other information provided by the Issuer in relation to the Notes. In addition, an investor must, alone or together with its financial and other types of advisers, engage in a general evaluation of external facts, other information provided by Issuer in relation to the Notes and general information about the jewellery business. An investor should have adequate knowledge to evaluate the risk factors as well as sufficient financial strength to bear these risks.*

### **Risks relating to the Issuer, the Group and the market**

#### **Market and commercial risks**

##### *Macroeconomic factors*

The Group is affected by international, national and regional economic conditions, particularly those which adversely impact consumers' willingness to spend such as levels of disposable income, levels of consumer debt and access to consumer credit, all of which are beyond the control of the Group. Macroeconomic factors, such as market turbulence and downturns in the global economy, which are beyond the Group's control, could adversely affect the financial position of suppliers. Macroeconomic factors may impact their ability to conduct business with the Group, and also have an adverse effect on end-consumer trends and traffic in the markets in which the Group operates. Consumer purchases of discretionary items, such as the Group's products, tend to decline during recessionary periods when disposable income is lower and access to consumer credit may be limited, particularly as jewellery is often perceived to be a luxury purchase. Deterioration in the global economy or decreases in demand for the Group's products could have an adverse effect on the Group's business, results of operations and financial position.

##### *Commodity prices*

A significant portion of the Group's income comes from the sale of products made from precious metals (mainly silver and gold), various alloys, diamonds, other precious and semi-precious stones, pearls and

other raw materials and its profits and costs in acquiring stock are thus indirectly linked to the price the Group's suppliers pay for these metals and gems. The prices of metals and gems are volatile and cyclical and may fluctuate. Price volatility is caused by numerous factors beyond the Group's control and thus cannot be predicted by the Group. Since the prices for metals and gems are quoted in other currencies than Swedish Krona (normally US dollars), the price volatility may not only be caused by changes in the underlying price but also in the relevant currency exchange rate against Swedish Krona. The Group is therefore indirectly exposed to commodity risk and fluctuations in the prices of these raw materials may have an adverse effect on the Group's business, results of operations and financial position.

If the Group's suppliers' access to or their cost of purchasing certain quality raw materials is adversely affected, the Group may have to pay more for these raw materials. Any such adverse changes may require the Group to pay more to its suppliers and increase the prices that it charges its customers. This may lead to a decrease in consumer demand which could have an adverse effect on the Group's business, results of operations and financial position.

### *Competition*

The retail jewellery business is highly competitive and fragmented, and the Group competes with other national jewellery chains as well as independent regional and local jewellery retailers and other types of retailers who sell jewellery and gift items, such as department stores and mass merchandisers. The Group also competes with other e-commerce retailers of jewellery.

For certain product lines, such as luxury and prestige watches, manufacturers and distributors of these products normally grant agencies to sell their ranges on a store by store basis and several of the leading brands have been limiting the number of agencies over recent years. Failure by the Group to obtain or retain for example watch agencies could result in loss of competitive advantage and have an adverse effect on the Group's business, results of operations and financial position.

Other consumer goods and forms of leisure, such as electronics and travel, compete with jewellery for consumers' discretionary expenditure. Therefore, the price of jewellery relative to other consumer products and services influences the proportion of end-consumers' discretionary expenditure that is spent on jewellery. If end-consumers perceive the Group's jewellery to be expensive compared to competing leisure and entertainment products and services, this could have an adverse effect on the Group's business, results of operations and financial position.

Failure to successfully compete on price, product range, quality and service could have an adverse affect on the Group's results of operations. Failure to compete successfully on the sourcing of products that customers wish to purchase could have an adverse affect on the Group's business, results of operations and financial position.

### *Seasonality*

The Group's business is seasonal, with a significant proportion of its sales and operating profit generated during its second and fourth quarters as a result of gift giving celebrating graduations from secondary education institutions and Christmas, Valentine's Day and Easter, respectively. Accordingly, the Group's financial performance for the full financial year is in part dependent on the success of its sales shortly before and during these celebratory periods. In preparation for the expected increase of demand during these celebratory periods, the Group incurs additional expenses. If the Group experiences weaker sales than expected during such celebratory periods or over-estimates the demand for its products, the Group's financial performance may be adversely affected for that particular financial year. This may, in turn, adversely affect the Group's business, results of operations, and financial position.

### *Consumer tastes and attitudes*

Consumer attitudes to diamonds, gold and other precious metals and gemstones also affect the level of the Group's sales. Consumer attitudes could be affected by a variety of issues including the concern regarding the source of raw materials, the impact of mining and refining minerals on the environment and the local community, the political stability of the producing country, labour conditions in the supply chain, and the availability of and consumer attitudes to substitute products such as cubic zirconia, moissanite and laboratory created diamonds. A negative change in consumer attitudes towards jewellery could adversely affect the Group's business, results of operations and financial position.

### *Consumer Credit*

Certain of the Group's customers rely on financing provided by credit providers to purchase the Group's merchandise. The availability of credit to customers is impacted by numerous factors, including general economic conditions and regulatory requirements relating to the extension of credit. Any disruption in, or changes to, the Group's arrangements with third party credit providers or future regulations or changes in the application of current laws could further impact the availability of credit to the Group's customers. If the amount of available credit provided to customers is significantly restricted, the Group's business, results of operations and financial position could be negatively impacted.

### *The Kimberley Process*

The availability of diamonds is significantly influenced by the political situation in diamond producing countries and by the Kimberley Process, an intergovernmental agreement for the international trading of rough diamonds. Until acceptable alternative sources of diamonds can be developed, any sustained interruption in the supply of diamonds from significant producing countries, or to the trading in rough and polished diamonds which could occur as a result of disruption to the Kimberley Process, could adversely affect the retail jewellery market as a whole and therefore in turn affect the Group's business, results of operations and financial position.

## **Strategic and operational risks**

### *Market strategy*

The market for costume jewellery (also known as bijouterie) is characterised by rapidly changing customer tastes and demands. Discovering, purchasing and launching new product lines that keep pace with customers' requirements and, where applicable, discontinuing others can have substantial lead times. To do this successfully, the Group needs to predict future areas of demand, the future capabilities of its competitors and identify and monitor trends in fashion, changes in consumer tastes and consumer spending patterns. Failure in such predictions or failure in the supply chain to respond in a timely fashion could result in a less than successful market strategy, excess inventories for some products and missed opportunities for others may adversely affect the Group's business, results of operations and financial position.

Further, the Group owns several recognised retail brands. Failure to protect these brands and loss of trust and confidence in the Group's brands and the merchandise it sells could result in a decline in the Group's customer base, deterioration in relationships with suppliers, and difficulty in recruiting and retaining suitable employees. Such failure could adversely affect the Group's business, results of operations and financial position.

### *Supplier relationship and logistics*

The Group uses a number of suppliers in its business activities, many of whom are based and operate in emerging markets, primarily China, India and Thailand. If suppliers stop working with the Group or if they are unable to supply their goods or services for any other reason (including social, political or

economic reasons commonly associated with developing economies) and the Group is unable to adequately replace such suppliers within the desired period or ensure continued product quality and on terms and conditions favourable to the Group, this could result in increased costs or delays to the Group and adversely affect the Group's long-term reputation among its customers, which, in turn, could adversely affect the Group's business, results of operations, and financial position.

Regular stock movements into stores are necessary to meet the demand of stock. Any disruption in the logistics chain due to supplier reasons or natural disaster such as adverse weather conditions, could affect operations and could have a negative impact on the Group's business, results of operations and financial position.

#### *Acquisitions, integration and entry into new markets*

From time to time the Group may evaluate strategic acquisitions of other businesses in existing or new markets. The Group's ability to grow its business both in its existing markets (including e-commerce) and in new markets will depend on the degree to which it is able to establish a presence in new markets as well as to increase its market share in existing markets, which the Group could fail to do as a result of adverse economic conditions, changes in consumer demand or preferences, market saturation for the Group's product offering or otherwise. The execution of any acquisition implies risks. In addition to company-specific risks, the acquired businesses' relations with customers, suppliers and key personnel may be adversely affected. Potential problems and future losses may not be discovered through a review prior to the acquisition. Further, there is a risk that integration processes may prove more costly or more time consuming than estimated and that anticipated synergies, revenue increases, cost savings, increases in geographic or product presence and customer reach, and/or other projected benefits from the acquisition in whole or in part may fail to materialise and this may adversely affect the Group's business, results of operations and financial position.

#### *Human resources*

It is important for the Group's future business activities and development that it is able to retain and continue to motivate, as well as being able to recruit and utilise qualified and suitable, employees and consultants. Members of the Group's executive management team or other key employees may decide to leave the Group and it may be difficult to attract and retain qualified key employees and other employees with the required expertise. If the Group should become unable to retain or recruit suitable employees, executives and consultants it could adversely impact its business, results of operations and financial position.

The Group's employees may behave fraudulent or with criminal intent. The occurrence of such activities and the failure of any steps taken to protect against or combat such behaviour may adversely affect the Group's business, results of operations and financial position.

#### *Principal shareholder*

Sten Warborn indirectly controls a majority of the shares in the Issuer (100%). The large shareholding leads to an essential influence and control over the Group. This strength is enhanced by Sten Warborn being the chairman of the board of the Issuer and the Parent. The business within the Group may be negatively affected if Sten Warborn for any reason cannot, or wish not, continue to act as an active owner going forward. In addition, there is nothing that prevents Sten Warborn from acquiring businesses that directly compete with the Group. If such an event were to arise this may adversely impact the Group's operations, results of operations and financial position.

#### *Business interruption or failure of business support systems*

The Group is dependent on the suitability, reliability and durability of its systems and procedures, including its accounting, payments, e-commerce, information technology, Point-of-Sale infrastructure, data protection, security, warehousing and distribution systems. Some of these systems are managed by third parties. The secure operation of these systems is critical to the Group's business operations and strategy. Despite security measures and business continuity plans, such systems may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to employee error or malfeasance, or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events.

If these systems and procedures are disrupted either by security breaches, cessation of critical externally supplied support or other force majeure events it could temporarily prevent the Group from conducting its business or providing adequate support and services to its customers, which could result in lower sales and increased costs and it could compromise the Group's, its customers' and its suppliers' information, exposing the Group to liability which would cause the Group's business and reputation to suffer. If these disruptions were to continue for any length of time they may adversely affect the Group's business, results of operations, and financial position.

#### *Store leasing arrangements*

The Group is significantly dependent on its ability to operate stores in desirable locations with capital investment and lease costs that allow it to earn a reasonable return on its locations. The Group depends on the leasing market and its landlords to determine supply, demand, lease cost and operating costs and conditions. The Group cannot be certain as to when or whether desirable store locations will become or remain available to the Group at reasonable lease and operating costs or whether retail locations from which the Group currently operate will continue to be sufficiently popular. Several large landlords dominate the ownership of prime centres, and the Group is dependent upon maintaining good relations with those landlords in order to obtain and retain store locations on optimal terms. From time to time, the Group does have disagreements with its landlords and a significant disagreement, if not resolved, could have an adverse impact on the Group's business, results of operations and financial position. In addition, any financial weakness on the part of the Group's landlords could adversely impact the Group in a number of ways, including decreased marketing by the landlords and the loss of other tenants that generate consumer traffic.

#### *Consumer traffic*

Many of the Group's stores are located in shopping centres that benefit from the ability of "anchor" retail tenants and other attractions, to generate sufficient levels of consumer traffic in the vicinity of its stores. Any decline in the volume of consumer traffic at shopping centres, especially if it is sustained, whether because of the economic slowdown, a decline in the popularity of shopping centers, the closing of anchor stores or otherwise, could result in reduced sales at the Group's stores at such locations and excess inventory which could have an adverse affect on the Group's business, results of operation and financial position.

#### *Disputes and legal proceedings*

The Group is engaged in national and international operations and may, from time to time, be involved in disputes and legal proceedings that arise in the course of its business and operations. Claims against the Group or the Group's active involvement in any legal proceedings against a third party could result in the Group being forced to spend considerable sums and resources and this may adversely affect the Group's business, results of operation and financial position.



### *Reputational risk*

A positive reputation is crucial to the Group and its operations and earning capacity. If the Group fails to live up to any market expectations, there is a risk of damage of the reputation of the Group. Further, the Group regularly contracts with a large range of global suppliers and external parties. Failure by the Group's commercial counterparties to operate at a sufficiently high ethical standard in regards to the source of relevant raw materials, regulations, the environment and labour conditions may adversely affect the Group's reputation by association and prejudice the forging of future business relationships and adversely affect end-consumer demand. Decline in reputation may adversely impact the Group's business, results of operations and financial position.

### *Risks relating to reinsurance business*

The Group, through the group company Albury Re Ltd, a separate captive insurance company, reinsure insurance policies issued by Solid Försäkrings AB in connection with the sale of products in Sweden through the Group's retail chains Guldfynd, Hallbergs Guld and Albrekts Guld. The insurance policies cover damages and loss of sold products with an insurable amount of up to SEK 30,000 per policy with terms of one year, with possibility to renew on a yearly basis.

Albury Re Ltd's objective is to ensure that sufficient reserves are available to cover its liabilities from its reinsurance operations. Albury Re Ltd evaluates its underwritten risk by using a rating scale system and overall knowledge of the account.

The principal risk Albury Re Ltd faces under insurance contracts is that the actual claims and payments, or the timing thereof, differs from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Such variables cannot be estimated with certainty and is beyond the control of Albury Re Ltd. There is thus a risk that Albury Re Ltd's reserves not adequately cover actual insurance claims and associated costs. Furthermore, Albury Re Ltd's estimates, assumptions and pricing of risk in connection with the reinsurance operations may not correctly reflect Albury Re Ltd's total risk exposure. Failure to make sufficient reserves and appropriate pricing may adversely affect Albury Re Ltd and the Group's business, results of operations and financial position.

The reinsurance agreement between Albury Re Ltd and Solid Försäkrings AB may be terminated or Solid Försäkrings AB may fail to honour its obligations under the agreement, which could adversely affect Albury Re Ltd and the Group's business, results of operations and financial position.

## **Financial risks**

### *Refinancing and liquidity risk*

Liquidity and refinancing risk refers to the risk that financing opportunities will be limited when the Notes or other loans made available to the Group, including under the Credit Agreement, or other financial liabilities, are to be refinanced or paid, and that payment commitments cannot be met as a result of insufficient liquidity. The Group may not be able to obtain access to financing at all or only on unfavourable terms. In order to enable business acquisitions or reach strategic goals, further financial resources may be required for the Group's future operations. The Group's ability to meet its future capital needs is highly dependent on the sale of the Group's products being successful. The availability of capital is dependent on a variety of factors, such as market conditions and general credit availability within the financial markets. If access to capital which is required to operate its business or to refinance the Group's financial liabilities were to become limited it may adversely affect the Group's business, results of operations and financial position.

The Group may in the future breach its undertakings or financial obligations under its financing agreements, which in turn could cause creditors to terminate any financial agreements. Such breach of financial obligations may have a material negative impact on the Groups business, results of operations and financial position.

#### *Credit and Counterparty risk*

The Group is exposed to credit risks on its customers and counterparties to financial and other contracts and failure by those counterparties to meet their obligations owed to the Group may result in the Group suffering a financial loss which could adversely affect the Group's business, results of operations and financial position.

#### *Currency risk*

Currency risk refers to the risk that unfavourable fluctuations in currency exchange rates will have a negative impact on cash flows, income statement and/or balance sheet of the Group. The Group's accounts are consolidated in Swedish Krona but certain operating costs and income are denominated in other currencies, primarily euro. The Group purchases a substantial portion of its products from suppliers who price their products in U.S. dollars. Currency exchange rate fluctuations could make raw materials, products and labour more expensive, resulting in higher costs and decreased margins for the Group's products. Furthermore, financial instruments held within the Group can be denominated in foreign currencies and the value of the financial instruments can fluctuate due to changes in foreign exchange rates.

The Group is therefore exposed to currency risk if unfavourable fluctuations in currency exchange rates between Swedish Krona and the relevant currencies were to occur resulting in a negative impact on cash flows, income statements and/or balance sheet of the Group. The Group is not currently hedging any currency risks that might arise from its operational cash flows in foreign currencies. Therefore, in respect of its exposure to any currency risk, unfavourable fluctuations in exchange rates for relevant foreign currencies may adversely affect the Group's business, results of operation and financial position.

#### *Interest rate risk*

Interest rate risk refers to the risk that changes in interest rates will affect the Group's expenses as well as future cash flows from financial instruments held within the Group. In the longer term, changes in interest rates charged on the Group's borrowings or applicable to financial instruments held within the Group may be subject to changes in the market rates of interest and any increase in such interest rates may increase the Group's interest payments and any decrease may decrease cash flows from financial instruments held within the Group, which thus may adversely affect the Group's business, results of operations and financial position.

### **Legal risks**

#### *Legislation, regulation and authorisations*

Failure to comply with the various regulatory requirements applicable to the Group may result in damage to the Group's reputation, civil and criminal liability, fines and penalties, and further increase the cost of regulatory compliance. Compliance with such laws and regulations could require the Group to expend considerable sums and resources and this could adversely affect the Group's business, results of operations and financial position.

In this regard it can be noted that Albury is subject to specific regulations applicable to insurance companies in Nevis and is supervised by the competent authorities in Nevis. Such regulations prescribe

approval and monitoring activities and impose certain restrictive provisions (e.g. capital adequacy requirements).

In addition to the above, the enactment of new laws and regulations and changes to existing laws and regulations which impact on the Group and its business activities and operations may result in reduced revenues and/or increased costs which in turn may adversely affect the Group's business, results of operations and financial position.

#### *Insurance cover*

Although the Group's insurance is intended to cover the majority of the risks to which the Group is exposed, there is a risk that it will not account for every potential risk associated with the Group's insurable operations. Some of the Group's coverage also includes high deductibles and limitations in maximum amounts payable thereunder. Accordingly, if the Group is unable to maintain its insurance cover on acceptable terms or if future requirements exceed or fall outside the Group's insurance cover or if the Group's provisions for uninsured costs are insufficient to cover the final costs or an event occurs which is not fully or partially covered by insurance then it may adversely affect the Group's business, results of operations and financial position.

#### *Collection and processing of personal data*

The Group collects, registers and process personal data, mainly in connection with customer loyalty programmes, e-commerce and direct marketing. When handling such personal data, it is of importance that the Group registers and processes such personal data in accordance with applicable privacy protection regulations, such as the General Data Protection Regulation (EU) 2016/679 ("**GDPR**"). The GDPR includes several requirements which must be complied with in order to avoid legal actions by, for example, supervisory authorities and customers. Failure to comply with the GDPR could lead to significant administrative fines or penalties from the relevant supervisory authority. Data subjects may also seek compensation from the Group for any damage suffered as a result of the Group not complying with the GDPR. In addition, the requirements regarding the process of personal data due to the GDPR may result in additional administrative procedures which, in turn, may involve extra cost for the Group. Failure to comply with the GDPR, or any other applicable privacy protection legislation, may lead to significant costs which may adversely affect the Group's business, results of operations and financial position.

#### *Intellectual property rights*

Despite the Group's efforts to protect intellectual property rights, other parties may attempt to make unauthorised use of its trademarks and proprietary information, including the content on its websites. Intellectual property laws and the Group's policies and procedures provide only limited protection, and the strength of intellectual property protection varies from country to country. The Group may not be successful, particularly in new markets which it may choose to enter, in securing protection for its intellectual property rights and preventing or halting other infringements on its intellectual property rights.

The Group does not consider that the merchandise it purchases from its suppliers infringes the intellectual property rights of any third party. Nevertheless, others might make claims to the contrary whether or not they have legal merit. If such claims regarding infringements to third-party intellectual property rights were to be made, the Group may be prevented from marketing and selling merchandise already purchased from suppliers which may adversely impact the Group's business, results of operations and financial position.

*Tax-related risks*

The Group conducts its operations through companies in three jurisdictions – Sweden, Finland and Nevis. The Group’s interpretation of all applicable laws, tax treaties and tax regulations, or its interpretation of how these or established administrative practices are interpreted by the relevant authorities, might be challenged by the relevant authorities. Such rules may over time also be subject to change, possibly with effect on existing tax structures. Any such challenge or change may adversely affect the Group’s business, results of operations and financial position.

*Political risks*

The Group’s business is exposed to general political and societal risks comprising of potential government intervention and regulations or potential inflation or deflation in the countries where it has business (primarily Sweden) which, in turn, could impact the long-term development of the Group’s business, results of operations and financial position.

**Risks relating to the Notes*****The market price of the Notes may be volatile***

The market value of the Notes could be subject to fluctuations in response to actual or anticipated variations in the Group’s operating results and those of its competitors, adverse business developments, changes in 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 Notes. In addition, the global financial market may experience significant price and volume fluctuations, which could adversely affect the market price of the Notes without regard to the Group’s business, results of operations and financial position.

***Interest rate risk***

The value of the Notes is dependent on several factors, including the level of the market interest rate. The Notes have a floating rate structure of three (3) months STIBOR plus a margin and the interest rate of the Notes will be determined two (2) business days prior to the first day of each interest period. Therefore, the interest rate is to an extent adjusted for changes in the level of the market interest rate. The interest rate level is largely affected by the Swedish and international financial development and is hence outside the control of the Issuer. Investments in the Notes involve the risk that increases in market interest rates may adversely affect the value of the Notes.

As stated above, the Notes have STIBOR as interest base. STIBOR constitutes a benchmark according to the regulation (EU) 2016/1011 (the “**Benchmark Regulation**”) which entered into force on 1 January 2018. The aim of the Benchmark Regulation is to ensure robust systems for providing financial benchmarks, such as interbank interest rates, to prevent conflicts of interest and to improve transparency, in order to maintain a high level of trust and confidence in financial markets. The Benchmark Regulation applies to “contributors”, “administrators” and “users” of “benchmarks” in the EU. There is a risk that the Benchmark Regulation (and further guidance in relation to it) will increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from e.g. continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks. In turn, there is a risk that this will have a negative impact on the value of and return on the Notes.

***There has been no active trading market for the Notes***

Although the Issuer shall use its best efforts to ensure that the Notes are listed on a Regulated Market, there can be no assurance that such application will be accepted or that the Notes will be so admitted.

Prior to admission to trading, there has been no public market for the Notes. There can be no assurance that an active trading market for the Notes will develop or, if developed, will be sustained. The Nominal Amount may not be indicative of the market price for the Notes.

Furthermore, following a listing of the Notes, the liquidity and trading price of the Notes may be subject to fluctuations in response to many factors, including those referred to in this section, as well as to market fluctuations and general economic conditions that may adversely affect the liquidity and price of the Notes, regardless of the actual performance of the Issuer and the Group. In addition, transaction costs in any secondary market may be high. Therefore, Noteholders may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Investors must be prepared to hold the Notes until maturity.

#### ***Certain material interests***

The Sole Bookrunner has engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in its ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Sole Bookrunner having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

#### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in Swedish Kronor. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit other than Swedish Kronor (the "**Noteholder's Currency**"). Accordingly, a Noteholder is exposed to exchange rate risk if relevant exchange rates fluctuate significantly (including, but not limited to, fluctuations due to a devaluation of the Swedish Krona or a revaluation of the Noteholder's Currency) or authorities with jurisdiction over the Noteholder's Currency impose or modify relevant exchange controls (if any). An appreciation in the value of the Noteholder's Currency relative to Swedish Kronor would decrease (i) the Noteholder's Currency-equivalent yield on the Notes; (ii) the Noteholder's Currency-equivalent value of the principal payable on the Notes; and (iii) the Noteholder's Currency-equivalent market value of the Notes.

#### ***Risk of early repayment of Notes***

The Issuer has, under the Terms and Conditions, reserved the possibility to repay Notes before the Final Maturity Date. If the Notes are repaid before the Final Maturity Date, the Noteholders have the right, in most cases, to receive an early repayment amount which exceeds the Nominal Amount. There is, however, a risk that the market value of the Notes may be higher than the early repayment amount.

#### ***Noteholders representation***

In accordance with the Terms and Conditions, the Agent represents each Noteholder in all matters relating to the Notes and the Finance Documents and holds, and has the right to enforce, the Share Pledge Agreements, the Escrow Account Pledge Agreement and the Loan Pledge Agreements on behalf of the Noteholders. The Terms and Conditions contain provisions to the effect that a Noteholder is prohibited from taking actions of its own against the Issuer. This does not, however, rule out the possibility that the Noteholders, in certain situations, may bring their own action against the Issuer, which may adversely affect the enforcement of any Security Document.

To enable the Agent to represent the Noteholders in court, the Noteholders may have to submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of

attorney could negatively impact the enforcement options available to the Agent when considering its enforcement of the Transaction Security for and on behalf of the Noteholders.

Additionally, under the Terms and Conditions the Agent has the right in some cases to make decisions and take measures that bind all Noteholders without first obtaining the prior consent of the Noteholders including (i) the right to agree to amendments to the Finance Documents provided such amendments do not adversely affect the interest of the Noteholders or such amendments are made solely for the purpose of rectifying obvious errors and mistakes; and (ii) the right to accelerate the Notes and exercise any right, remedies, powers or discretions under the Finance Documents upon the occurrence of an Event of Default.

### ***Principal shareholder***

Sten Warborn indirectly controls a majority of the shares in the Issuer (100%). The large shareholding leads to an essential influence and control over the Group. This strength is enhanced by Sten Warborn being the chairman of the board of the Issuer and the Parent. It should therefore be noted that Sten Warborn's interest as a shareholder does not necessarily correspond to the interests of the Noteholders.

### ***Noteholders meetings***

The Terms and Conditions include certain provisions regarding Noteholders' meetings. Pursuant to the Terms and Conditions, certain majorities of Noteholders have the right to make decisions and take measures that bind all Noteholders, including those who vote in a manner contrary to the majority. Consequently, the actions of the majority and the Agent in such matters could impact the Noteholders' rights under the Finance Documents in a manner that would be undesirable for some of the Noteholders.

### ***Clearing and settlement in Euroclear's book-entry system***

The Notes are affiliated to and will continue to be affiliated to a central securities depository of Notes, currently Euroclear's account-based system, and no physical Notes will be issued. Clearing and settlement relating to the Notes and, in the majority of cases, the payment of interest and repayment of principal amounts, will be performed within Euroclear's account-based system. The investors are therefore dependent on the functionality of Euroclear's account-based system, which is a factor that the Issuer can't control. If Euroclear's account-based system would not function in a correct order, investors may not receive payments under the Notes as such payments fall due.

### ***Amended or new legislation***

The Notes are subject to Swedish and applicable European laws and administrative practice in effect as at the date of this Memorandum. No assurance can be given as to the impact of any possible judicial decision, changes or amendments to Swedish or European law or administrative practice after the date of this Memorandum, nor can any assurance be given as to whether any such changes or amendments or new legislation could adversely impact the ability of the Issuer to make payments under the Notes.

### ***Credit risk***

A potential investor should assess the credit risks associated with the Issuer, the Group and the Notes. As there is a credit risk associated with the Issuer and the Group, events that reduce the creditworthiness of the Issuer or the Group should be considered. If the Issuer's or the Group's financial position should decline, there is a risk that the Issuer will not be able to fulfil its obligations under the Notes. A decrease in the Issuer's or the Group's creditworthiness could also lead to a decrease in the market value of the Notes.

***Refinancing risk***

The Group could be required to refinance certain or all of its outstanding debt, including the Notes. The Group's ability to refinance such debt obligations is dependent on the conditions of the capital markets and its financial position at such time. The Group may not be able to access financing sources on favourable terms, or at all. If the Group is not able to refinance its debt obligations on favourable terms, or at all, it could have an adverse effect on the Group's business, earnings and financial position and on the Noteholders' recovery under the Notes.

***Dependence on Subsidiaries***

The Issuer is a holding company and holds no significant assets other than the shares in Iduna AB, Kultajousi Oy, Lyxxa i Helsingborg AB and Albury Re Ltd and as such the Issuer is reliant on the ability of other entities within the Group to advance loans or make dividend distributions to the Issuer so as to enable it to make payments under the Notes. The Issuer is thus dependent upon receipt of sufficient income arising from the operations of the Group.

The Issuer's Subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations and commitments or to make funds available for such payments. The ability of such Subsidiaries to make such payments to the Issuer is subject to, among other things, the availability of funds, corporate restrictions, the terms of each operation's indebtedness (including, but not limited to, the Credit Agreement) and local law. No present or future subsidiary of the Issuer will guarantee or provide any security for the Issuer's obligations under the Notes and consequently the Noteholders do not have any recourse to the assets of the Issuer's Subsidiaries other than, indirectly, following the enforcement of the share pledge over the shares in the Issuer, Iduna AB, Kultajousi Oy, Lyxxa i Helsingborg AB and Albury Re Ltd and the satisfaction of any and all priority claims (including, but not limited to, the claims of the lender under the Credit Agreement).

***Ability to comply with the Terms and Conditions***

The Issuer is required to comply with the Terms and Conditions. This means that the Issuer, for example, is obliged to pay interest under the Notes. Any event which may be beyond the Issuer's and the Group's control, may affect the Issuer's ability to comply with the Terms and Conditions. A breach of the Terms and Conditions may constitute an event of default under the Terms and Conditions and therefore lead to an acceleration of and redemption of the Notes. This could result in the Issuer having to repay the Noteholders at such applicable acceleration. The Issuer may not have the required funds to make the required redemption of the Notes at such time of repayment.

***Subordinated rights and security structure***

The Group finances a large portion of its operations through bank loans via Subsidiaries, with security interests constituting a preferential claim on the borrowers. The Notes are secured through the Security Documents. This means that in the event of the Issuer's liquidation, company reorganisation or bankruptcy, unprioritised creditors or creditors with lower priority normally receive payment after the Noteholders have been paid in full. However, the shares pledged as security for the Notes may have limited value in the event of a bankruptcy, insolvency or other similar proceedings in relation to the companies whose shares have been pledged because all of such companies' obligations must first be satisfied, potentially leaving little or no remaining assets in such companies.

The Noteholders may thus be subordinated other prioritised creditors of the Issuer's Subsidiaries by way of so called structural subordination. As a result, the Noteholders may not recover any or full value in the case of an enforcement sale. In addition, the value of the pledged shares may decline over time. If such proceeds were not sufficient to repay all such amounts due on or in respect of the Notes, then

Noteholders have only an unsecured claim against the Issuer's remaining assets, in competition with other creditors. Further, other than the security created under the aforementioned pledges, the Notes represent an unsecured obligation of the Issuer. The Issuer cannot make any assurance that the remaining assets would be sufficient to satisfy all unsecured claims in full or that any such other assets will exist.

Although the Agent will hold the security described in the Terms and Conditions on behalf of the Noteholders, the Agent will rank ahead of the Noteholders in respect of certain amounts owed to it in relation to the Notes as the security is granted in favour of both the Agent and the Noteholders. In addition, to the extent that the Noteholders do not have secured claims, under applicable bankruptcy law, certain debts and claims must be paid in priority to other debts and claims (for example, costs and expenses of a liquidator and certain payments to employees).

Every investor should be aware that by investing in the Notes, it risks losing the entire or parts of its investment in the event of the Issuer's liquidation, company reorganisation or bankruptcy.

***Restrictions on the transferability of the Notes***

The Notes will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state security laws. A Noteholder may not offer to sell the Notes in the United States, absent registration or an exemption from registration as provided for in the U.S. Securities Act of 1933, as amended. The Issuer has not undertaken to register the Notes under U.S. Securities Act or any U.S. state securities laws or to effectuate any exchange offer for the Notes in the future. The Issuer has not registered the Notes under any other country's securities laws. A potential investor must observe and obey the transfer restrictions that apply to the Notes. It is a potential investor's obligation to ensure that such investors potential offers and sales of the Notes comply with all applicable securities laws. There is a risk that the Noteholder will not be able to sell its Notes as desired due to these transfer restrictions.



**RESPONSIBILITY FOR THE INFORMATION IN THE PROSPECTUS**

The issuance of up to SEK 400,000,000 in aggregate nominal amount of secured floating Notes due 2022 was authorised by resolutions taken by the board of directors of the Issuer on 8 February 2019, and was subsequently issued by the Issuer on 8 March 2019. This Prospectus has been prepared in relation to the Issuer applying for admission to trading the Notes on Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Trading Act, each as amended.

The Issuer is the source of all company specific data contained in this Prospectus and the Sole Bookrunner has conducted no efforts to confirm or verify the information supplied by the Issuer. The Issuer accepts responsibility for the information contained in this Prospectus, and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts, and contains no omission likely to affect its import. The information in the Prospectus and in the documents incorporated by reference which derives from third parties has, as far as the Issuer is aware and can judge on basis of other information made public by the respective third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

The board of directors of the Issuer is, to the extent provided by Swedish law, responsible for the information given in this Prospectus. The board of directors declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

Varberg on 26 April 2019

**Golden Heights Aktiebolag (publ)**

*The board of directors*

## **DESCRIPTION OF THE NOTES AND USE OF PROCEEDS**

*This section contains a summary description of the Notes and the Terms and Conditions of the Notes. This summary does not claim to be comprehensive or cover all details of the Notes. Hence, potential investors should carefully consider the Prospectus as a whole, including the documents incorporated by reference and the full Terms and Conditions set forth in the section "Terms and Conditions for the Notes", before a decision is made to invest in the Notes.*

*Concepts and terms defined in section "Terms and Conditions for the Notes" are used with the same meaning in this section unless otherwise explicitly understood from the context or otherwise defined in this Prospectus.*

### **General**

#### **Issuer**

The issuer of the Notes is Golden Heights Aktiebolag (publ), a public limited liability company incorporated under the laws of Sweden with reg. no. 556711-9648 (the "**Company**").

#### **Resolutions, authorisations and approvals**

The issuance of up to SEK 400,000,000 in aggregate nominal amount of secured floating Notes due 2022 was authorised by resolutions taken by the board of directors of the Issuer on 8 February 2019.

#### **The Notes offered**

The Issuer offers up to SEK 400,000,000 in aggregate nominal amount of secured floating Notes due 2022. As the date of this Prospectus, SEK 400,000,000 of the Notes have been issued (the "**Initial Notes**"). The Initial Nominal Amount of each Initial Note is SEK 1,250,000.

The Notes are debt instruments (*Sw. skuldförbindelser*) of the type set forth in Chapter 1 Section 3 of the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*), which confirms that each Noteholder has a claim against the Issuer and which are intended for public market trading. The Notes are issued in dematerialised book entry form and registered on a Securities Account on behalf of the relevant Noteholders. Accordingly, no physical notes have been issued.

#### **First Issue Date**

The Initial Notes were issued on 8 March 2019 (the "**First Issue Date**"). The Initial Notes were issued in a number of 320 and all Initial Notes have been issued at the date of this Prospectus.

#### **ISIN code and trading code**

The Notes have been allocated the ISIN code SE0010599498. The Notes will also be allocated a common code upon admission to trading. Such common code has not been allocated at the date of this Prospectus.

#### **Subsequent Notes issue**

Subject to certain requirements being met, the Issuer may at one or more occasions after the First Issue date issue Subsequent Notes under the Terms and Conditions. The issue price of the Subsequent Notes may be set at the Nominal Amount, a discount or a premium compared to the Nominal Amount. The maximum aggregate nominal amount of the Notes (the Initial Notes and all Subsequent Notes) may not exceed SEK 800,000,000 unless a consent from the Noteholders is obtained. For the avoidance of

doubt, the ISIN, the interest rate, the currency, the nominal amount and the final maturity applicable to the Initial Notes shall apply to Subsequent Notes.

### **Price**

All Notes issued on the First Issue Date have been issued at an issue price of 100 per cent. of the Nominal Amount.

### **Use of Benchmark**

Amounts payable under the Notes are calculated by reference to STIBOR, which is provided by the Swedish Bankers' Association (Sw. Svenska Bankföreningen). As of the date of this Prospectus, the Swedish Bankers' Association does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Market Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) ("**BMR**"). As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that the Swedish Bankers' Association is not currently required to obtain authorisation or registration.

### **Interest and Interest Rate**

Each Initial Note carries Interest at STIBOR plus eight (8) per cent. *per annum*. The interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

### **Interest Payment Dates**

Interest Payments Dates will be quarterly in arrears on 31 March, 30 June, 30 September, and 31 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. The first Interest Payment Date for the Notes shall be 31 March 2019 and the last Interest Payment Date shall be the relevant Redemption Date.

### **Final Maturity Date**

The Final Maturity Dates for the Notes is on 8 March 2022.

### **Status of the Notes**

The Notes are denominated in SEK. The Notes constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them.

### **Use of Proceeds**

The Issuer has used the proceeds from the issue of the Initial Notes, less the costs and expenses incurred by the Issuer in connection with the issue of the Initial Notes, towards (i) repayment of the Existing Notes and (ii) its general corporate purposes.

The Issuer shall use the proceeds from the issue of any Subsequent Note, less the costs and expenses incurred by the Issuer in connection with such issue, towards the acquisition of businesses or assets and/or for its general corporate purposes.

### **Transaction security**

As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants (and has procured that the Parent grants) on or before the First Issue Date, the

Transaction Security to the Secured Parties as represented by the Agent. The Transaction Security is provided and perfected pursuant to, and subject to the terms of, the Security Documents entered into or to be entered into between the Issuer (or the Parent) and the Agent, acting on behalf of the Secured Parties. The Agent shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Security Documents. See further Clause 11 (*Transaction Security*) of the Terms and Conditions.

## **Redemption and re-purchase**

### ***Redemption at maturity***

The Issuer shall redeem all, but not some only, of the outstanding Notes in full on the Final Maturity Date with an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest.

### ***Purchase of Notes by Group Companies***

Each Group Company may, subject to applicable regulations, at any time and at any price purchase Notes on the market or in any other way. See further Clause 10.2 (*Purchase of Notes by Group Companies*) of the Terms and Conditions.

### ***Voluntary total redemption***

The Issuer may redeem all, but not only some, of the outstanding Notes in full together with accrued but unpaid interest at any Business Day from, and including, the date falling three (3) months prior to the Final Maturity Date, to but excluding, the Final Maturity Date, at an amount equal to 100 per cent. of the Nominal Amount provided that the redemption is financed, in part or in full, by way of one or several Market Loan issues. See further Clause 10.3 (*Voluntary total redemption (call option)*) of the Terms and Conditions.

### ***Voluntary and mandatory partial redemptions***

The Issuer must repay a total amount of SEK 20,000,000 of the principal debt one (1) year after the First Issue Date and a total amount of SEK 40,000,000 of the principal debt two (2) years after the First Issue Date. All outstanding Notes shall be repaid by way of reducing the Nominal Amount of each Note *pro rata*.

Furthermore, the Issuer may repay an amount not exceeding SEK 125,000 of principal debt outstanding per Note at one occasion per twelve-months period during the first three (3) years after the First Issue Date (without carry-back or carry forward), in which case all outstanding Notes shall be repaid by way of reducing the Nominal Amount of each Note *pro rata*.

The Issuer may at one occasion, in connection with an initial public offering of shares in the Issuer or the Parent, repay up to thirty five (35) per cent. of the Total Nominal Amount, in which case all outstanding Notes shall be partially repaid by way of reducing the Nominal Amount of each Note *pro rata*.

See further Clause 10.4 (*Voluntary and mandatory partial redemptions (call and put option)*) of the Terms and Conditions.

### ***Early redemption due to illegality***

The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest on a Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance

Documents. See further Clause 10.5 (*Early redemption due to illegality (call option)*) of the Terms and Conditions.

### ***Mandatory repurchase due to a Change of Control Event or a Listing Failure Event***

Upon the occurrence of a Change of Control Event, Listing Failure Event or Equity Contribution Failure Event, each Noteholder shall during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the relevant event pursuant to Clause 12.1.2 (after which time period such right shall lapse), have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest. However, such period may not start earlier than upon the occurrence of the relevant event. See further Clause 10.6 (*Mandatory repurchase due to a Change of Control Event or a Listing Failure Event (put option)*) of the Terms and Conditions.

### ***Change of Control Event***

A Change of Control Event means an event or a series of events resulting in Sten Warborn ceasing to own, legally and beneficially, directly or indirectly (i) fifty point one (50.1) per cent or more of the issued shares in the capital and voting rights of the Issuer, or (ii) following the an admission to trading or listing, as the case may be, of thirty (30) per cent. or more of the issued shares in the capital and voting rights of the Issuer and provided that Sten Warborn has the largest shareholding and provided also that no person or group of persons acting in concert directly or indirectly acquires a larger beneficial ownership or other control greater than that of Sten Warborn, other than with the prior consent of the Noteholders.

### ***Listing Failure Event***

A Listing Failure Event means (i) that the Initial Notes are not admitted to trading or listed on a Regulated Market within sixty (60) days following the First Issue Date, (ii) that any Subsequent Notes are not admitted to trading or listed on a Regulated Market within thirty (30) days following their Issue Date, and (iii) in the case of a successful admission, that a period of thirty (30) days has elapsed since the Notes ceased to be admitted to trading or listed on a Regulated Market.

### ***Equity Contribution Failure Event***

A Equity Failure Event means (a) that an Equity Contribution is not made within 60 Business Days from the First Issue Date; or (b) that the Agent has not received notice from the Issuer in accordance with Clause 12.1.3 of the Terms and Conditions.

### ***Noteholder's rights***

#### ***Decisions by Noteholders***

A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.

Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.

See further Clause 16.1 (*Request for a decision*) of the Terms and Conditions.

### ***Noteholders' Meeting***

The Agent shall convene a Noteholders' Meeting by way of notice to the Noteholders as soon as practicable and in any event no later than five (5) Business Days after receipt of a correct and complete notice from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons). See further Clause 16.2 (*Convening of Noteholders' Meeting*) of the Terms and Conditions.

### ***Written Procedure***

The Agent shall instigate a Written Procedure by way of sending a communication to the Noteholders as soon as practicable and in any event no later than five (5) Business Days after receipt of a correct and complete communication from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons). See further Clause 16.3 (*Instigation of Written Procedure*) of the Terms and Conditions.

### ***General undertakings***

The Issuer makes certain undertakings in the Terms and Conditions. These include undertakings and limitations relating to: (i) compliance with laws; (ii) *pari passu*; (iii) change of business; (iv) disposal of assets; (v) disposal of operations; (vi) distributions and other transactions; (vii) financial indebtedness; (viii) negative pledge; (ix) dealings with related parties (x) listing of Notes; (xi) undertakings relating to the Agency Agreement; and (xii) CSD related undertakings.

The undertakings are subject to extensive qualifications. See Clause 13 of the Terms and Conditions for a detailed description of the abovementioned undertakings.

### ***Miscellaneous***

#### ***Transfer restrictions***

The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local regulation to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.

#### ***Listing***

Application for listing of the Notes on the corporate bond list of Nasdaq Stockholm will be filed in connection with the SFSA's approval of this Prospectus. Subsequent Notes may be admitted to trading as a result of an issue of Subsequent Notes.

#### ***Agent***

The Issuer's Agent is Intertrust (Sweden) AB, reg. no. 556625-5476, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

#### ***Issuing Agent***

Skandinaviska Enskilda Banken AB (publ), reg no. 502032-9081, Stockholm, Sweden, is initially acting as Issuing Agent.

#### ***The CSD***

The Issuer's central securities depository and registrar in respect of the Notes is Euroclear Sweden AB, reg. no. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

***Governing law of the Notes***

The Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden. The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).

***Prescription***

The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment.

***Risk factors***

Investing in the Notes involves substantial risks and prospective investors should refer to section "*Risk Factors*" for a discussion of certain factors that they should carefully consider before deciding to invest in the Notes.

## **DESCRIPTION OF THE GROUP'S BUSINESS**

### **The Group's business and operations**

Golden Heights is a jewellery retailer in Sweden and Finland. Golden Heights operates in Sweden and Finland through five retail chain brands and two independent jewellery stores. As of 30 September 2018, the Group had a store network totalling 283 stores with 193 stores in Sweden and 90 in Finland, which together with the different brand strategies enables the Group to cover a significant share of the jewellery market in each country. The Group also supplies products to companies in Sweden and Finland.

In Sweden, Golden Heights is represented by Golden Heights AB, Iduna AB, Lyxxa i Helsingborg AB and C.G. Hallbergs Guldsmeds AB through the brands Guldfynd, Hallbergs Guld, Lyxxa and Albrekts Guld. In Finland, the Company operates through Kultajousi Oy and the retail chain brands Kultajousi, A. Tillander and Westerback. The Group operates six online-stores for its different brands.

On 22 January 2019, the Issuer, by way of an issue in kind, acquired all shares in Albury Re Ltd, a company established in Nevis. Albury Re Ltd is a separate captive insurance company that reinsure insurance policies issued by Solid Försäkrings AB solely in connection with the sale of the Group's products in Sweden through the Group's retail chains Guldfynd, Hallbergs Guld and Albrekts Guld. The insurance policies covers damages and loss of sold products. The insurance policies covers damages and loss of sold products with an insurable amount of between SEK 494 and SEK 30,000 per policy with terms of one year, with possibility to renew on a yearly basis.

The Company is solely a holding company and holds no significant assets other than the shares in its Subsidiaries. Hence, the Group's operating business is conducted in the Subsidiaries and the Company is therefore dependent on the progress and continuances of the business in the Subsidiaries.

### **Business Areas and Products**

Golden Heights' focus is to offer jewellery and fashion products to consumers and corporations in Sweden and Finland through a well-developed retail network, on-line sales and a product portfolio consisting of brands with high brand awareness in different price segments. The product portfolio comprises, among other things, diamond jewellery, gold chains, engagement rings, gold earrings, men's jewellery, silver jewellery, bijouterie, gifts and watches.

#### *Store Network*

Golden Heights' store networks are built on a thorough evaluation of customer profiling along with analysis of disposable income and loyalty membership areas. Once new available locations are identified, the evaluation process and customer profiling determines the most suitable brand for the new location. Moreover, careful returns on investment calculations are carried out before investing in new store establishments.

Adjustment of stores to the brands can be conducted swiftly and with high efficiency using the Company's standard interior design system, thus significantly reducing lead times from access of a new location to first day of business.

In 2016 Golden Heights, through Westerback, entered an agreement with the Finnish retailing group Stockmann to open six stores under its Westerback brand in Stockmann department stores. An agreement was made with the landlord to close three stores as of 31 December 2018, one store as of 31 March 2019 and the remaining two stores as of 31 August 2019. A reduced rent applies from 1 January 2019.



*On-line sales*

The Group runs six on-line stores for Guldfynd, Kultajousi, Albrekts Guld, Hallbergs Guld, Lyxxa and Westerback. Key advantages compared to other on-line competitors are high brand recognition and the ability for online customers to turn to stores for service and return of goods; "Click-and-Collect"-offering where the customer can do the purchase on-line and collect piece in stores and state-of-the-art warehouse system supporting on-line sales. On-line sales have been growing since launch but from a low levels with sales from on-line representing approximately three point one (3.1) per cent of total sales in LTM Q3 of 2018.

**Trademarks**

Golden Heights is an established company in the Swedish and Finnish jewellery markets operating through brands with high brand recognition. Golden Heights predominantly offers unlabelled products with high association to each brand but also own product brands. Golden Heights also uses external suppliers such as Schalins Ringar for direct delivery of certain items such as engagement rings.

*Guldfynd*

Guldfynd's product lines include gold and silver jewellery, bijouterie, complemented by gift items and watches. Most products are offered unlabelled and complemented by own product brands such as Mood, o.n.e. and Story of Love. Guldfynd focuses on the medium-price segment, targeting the cost-conscious consumer looking for high-quality jewellery with a high fashion level at a reasonable price. Consequently this targeted segment represents a large part of the population in the country. A broad product offering covering many price levels and tastes enables Guldfynd to reach this wide target group. Stores are therefore mainly located in areas with a mixed disposable income profile where they are easily accessible and exposed to large customer groups. Stores can mainly be found in suburban and urban shopping areas such as malls, venues, and city centres. As of 30 September 2018, Guldfynd consisted of 117<sup>1</sup> stores which contributed to forty-one (41) per cent of the Group's total sales.

*Albrekts Guld*

Albrekts Guld offers a wide collection of diamond jewellery and gift items along with a large selection of gold and silver jewellery, pearls, bijouterie, cutlery and watches. Albrekts Guld's vision has been consistent throughout the years, with a focus on providing customers with high-quality merchandise at the lowest price possible through direct purchasing from producers. The majority of its products are unlabelled, although engagement rings sold via Albrekts Guld are manufactured by Schalins Ringar. As of 30 September 2018, Albrekts Guld consisted of 40 stores which contributed to thirteen (13) per cent of the Group's total sales. Consistent with the focus on cost reduction, Albrekts Guld targets consumers in the low-price segment and stores are mostly located in suburban areas and smaller cities.

*Hallbergs Guld*

Hallbergs Guld appeals to fashion oriented women looking for high-quality jewellery within the high-end segment. The product lines range from classical gold and silver jewellery to fashionable and designer jewellery with a combination of unlabelled products and external brands such as Engelbert, Pandora, Dyrberg Kern and Schalins Ringar. External brands constitute an important part of the product lines and add to the luxury and exclusivity of the brand. As of 30 September 2018, Hallbergs Guld consisted of 35 stores which contributed to twelve (12) per cent of the Group's total sales. Stores are predominantly located in larger Swedish cities, with an emphasis on areas with high disposable incomes.

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<sup>1</sup> Including four franchise stores.

*Lyxxa*

Lyxxa i Helsingborg AB was acquired in 2015. Lyxxa operates a goldsmith business in Helsingborg, Sweden. Lyxxa is focus on sales of jewellery from strong brand names in combination with sales of hand-made jewellery produced by Lyxxa's own goldsmith. As of 30 September 2018, Lyxxa consisted of one store which contributed to two (2) per cent of the Group's total sales.

*Kultajousi*

Kultajousi focuses on providing high-quality jewellery and watches within the medium-segment of the Finnish market. The Kultajousi product lines include gold, silver and diamond jewellery as well as a large number of watches. Many products are offered unlabelled and are complemented by both own branded product and external brands. Own product brands include Princess, Diamanti, Argento, Fore, Story of Love and o.n.e. and cover both jewellery and watches whereas external brands include Citizen, Axcnt, Candino, Tommy Hilfiger, Certina and D&G mainly covering watches as well as Kalevala Koru and Leijona Hopea for jewellery and cutlery. Selected stores, primarily in larger cities, carry high-end watch brands such as Omega, Longines, Raymond Weil and Tissot. As of 30 September 2018, Kultajousi consisted of eighty-two (82) stores which contributed to twenty-three (23) per cent of the Group's total sales.

*Westerback and A. Tillander*

Westerback is an independent jewellery and watch store targeting the high-end luxury segment. Westerback operated seven stores in Finland, whereof six in in the Finnish retailing group Stockmann's department stores. These stores have been making losses and an agreement was made with the landlord to close three stores as of 31 December 2018, one store at the 31 March 2019 and the remaining two stores at the 31 August 2019. A reduced rent applies from 1 January 2019. Westerback focuses on valuable watches and jewellery within the luxury segment. The majority of products offered include watches, diamond jewellery and cutlery, with watches constituting the lion's share of revenues. Westerback has an emphasis on external brands including luxury watches such as Breitling, Raymond Weil, Longines, Tissot and Omega.

A. Tillander is an independent jewellery shop targeting the high-end luxury segment in Helsinki with a focus on exclusive pieces and diamond jewellery. A. Tillander today operates one store, employing approximately six people, in Helsinki.

As of 30 September 2018, Westerback and A. Tillander consisted of eight stores which contributed to six (6) per cent of the Group's total sales.

*Albury Re Ltd*

On 22 January 2019, the Issuer, by way of an issue in kind, acquired all shares in Albury Re Ltd, a company established in Nevis. Albury Re Ltd is a separate captive insurance company that reinsure insurance policies issued by Solid Försäkrings AB solely in connection with the sale of the Group's products in Sweden through the Group's retail chains Guldfynd, Hallbergs Guld and Albrekts Guld and online. The insurance policies covers damages and loss of sold products. The insurance policies covers damages and loss of sold products with an insurable amount of between SEK 494 and SEK 30 000 per policy with terms of one year, with possibility to renew on a yearly basis. Approximately fifty (50) per cent of insurance sales comes from renewed contracts, and there are approximately 177,000 insurance contracts each year.

## Competition

The recent shift in market trends has resulted in a change in market conditions and the competitive landscape. Industry overlap increases as different companies now include jewellery as part of their product offering such as clothing retailers providing customers with accessories and costume jewellery.

The competitive universe within the jewellery market depends on which segment the offered products pertain to. Golden Heights is mainly positioned as an integrated specialist jeweller, and as a consequence, competitors are mainly found in the specialist jeweller segments. However, in some sub-segments, the Company also competes with department stores such as Åhléns (in Sweden), as well as clothing retail chains providing the market with lower priced jewellery or bijouterie.

A key advantage for specialist jewellery retail chains is the security aspects which surround the sale of jewellery products, in particular precious jewellery which together with the necessary staff training acts as a barrier to entry. Since precious jewellery is usually more expensive and constitute the main product offering for specialist jewellers, these products are often stored in locked cabinets. Hence, sales personnel must at all times be prepared to serve customers by taking out jewellery for a closer look and at the same time supervise both the store and the jewellery piece in question. As non-specialist jewellery retail chains usually do not have a similar set-up in their stores, with the necessary security for retailing higher priced jewellery, this provides a key advantage for specialist jewellery retailer chains, especially within the precious jewellery segment.

Although the industry has experienced consolidation and the formation of various collaboration groups, the specialist jewellery retail market is still very fragmented in both Sweden and Finland with many small local companies. Management believes that specialist jewellery retail chains, department stores, fashion accessory stores and bijouterie stores will continue to take market shares at the expense of smaller independent jewellery shops going forward.

In addition, as people most often purchase jewellery products as gifts to relatives and people with whom they have close relations, the jewellery market is part of the overall "gift market". This market is very difficult to explicitly define and can include sale of perfumes, flowers, chocolate as well as cell phones. When taking the "gift market" into account, Golden Heights operates within a significantly sizeable market with a somewhat different competitive landscape. The sections below aim to describe the competitive landscape within the jewellery markets in Sweden and Finland. A differentiating factor between Finland and Sweden is that it is customary for Finnish jewellery stores to carry watches as a major part of their assortment. In this respect, the competitive landscape is also slightly different in both countries.

### *Competitive landscape in Sweden*

Golden Heights has a market leading position in the Swedish jewellery retail market with 193 stores throughout the country, as of 30 September 2018, and a market share of approximately thirty (30) per cent as per 2017. Golden Heights' main competitors include other companies focusing on specialist jewellery and bijouterie. These can be divided into the sub-categories; chain stores, buying groups and independent retailers.

Smycka is an important Swedish buying group. A buying group is a cooperative organisation where members own their own stores and cooperates within the group in terms of purchasing and marketing. Smycka currently comprises of approximately fifty-one shops and has a market share of approximately eleven (11) per cent in Sweden as per 2017.

Except for the buying groups described in the aforementioned sub-segment, the market also encompasses independent retailers that operate single, privately owned jewellery shops.

When it comes to the low-price costume jewellery segment, the Glitter retail chain is an important market participant. The Glitter group consists of approximately sixty-six stores in Sweden and forty-three stores in Finland and has a market share of approximately five (5) per cent in Sweden as per 2017.

Ur & Penn, owned by Klockgrossisten i Norden (KIN) with 104 stores and a market share of approximately ten (10) per cent in Sweden as per 2017, is a large retail chain operator in the Swedish market. However, since Ur & Penn mainly offers watches complemented by costume jewellery, they are not considered a main competitor within Golden Heights' primary market, precious jewellery.

Within non-specialist retailers, department stores such as Åhléns (approximately eighty stores), also compete in the jewellery segment. However, these stores mainly offer designer costume jewellery leveraging on their high volume of customer traffic. Moreover, major clothing stores such as H&M, Lindex, Top Shop, Zara, Indiska and KappAhl are also competing in the lower jewellery price segments, predominantly offering silver jewellery and bijouterie.

Golden Heights also, to some extent, face competition from companies in the home sales and online shopping market. For example, Hedbergs Guld & Silver offers a broad range of products mainly over the Internet.

#### *Competitive landscape in Finland*

The Finnish market is largely dominated by two players; Golden Heights with a store network totalling ninety stores, as of 30 September 2018, and a market share of approximately 16 per cent as per 2017, and the buying group Timanttiset/Finngold, which is the largest Finnish competitor to Golden Heights, consisting of fifteen retailers that jointly own more than eighty stores nationwide. Timanttiset/Finngold offers watches, diamonds, gold and silver jewellery as well as silverware and gifts and has a market share of approximately eighteen (18) per cent in Finland as per 2017.

Another important specialist jewellery retail chain is Laaturu comprising thirteen stores focusing on the high-end jewellery and watch market, offering prestigious brands such as Omega and Tag Heuer. Laaturu has a market share in Finland of approximately four (4) per cent as per 2017.

Two other notable competitors in Finland are Glitter, with approximately forty-three stores and a market share of approximately five per cent as per 2017, and Oy Osk. Lindroos AB with three stores and a market share of approximately fifteen (15) per cent as per 2017. Glitter is a specialist jewellery retailer in the costume-segment and Oy Osk. Lindroos AB is a reseller of exclusive watches and jewellery.

With respect to independent retailers, one player is Stockmann, operating six department stores in Finland. Further, several large clothing chains such as Lindex and H&M are also active in the Finnish market. These retail chains are focused on offering costume jewellery.

## THE GROUP AND ITS OPERATIONS

### General information of the Issuer

Golden Heights Aktiebolag (publ) is a public limited company registered in Sweden with registration number is 556711-9648. The registered office is in the municipality of Gothenburg and it registered address at 432 84, Varberg, Sweden. The Issuer was incorporated in Sweden on 21 September 2006 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 28 September 2006. The Issuer is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the Swedish Accounts Act (Sw. *årsredovisningslagen (1995:1554)*). Pursuant to the Issuer's Articles of Association, the object of the Issuer's business shall be to own, regardless of ownership form, in whole or in part, Swedish or foreign companies, manage real estate and movables, conduct retail business in gold, jewellery and gift industry, and activities related thereto.

### Share capital, shares, ownership, legal structure and governance

#### *Share and share capital*

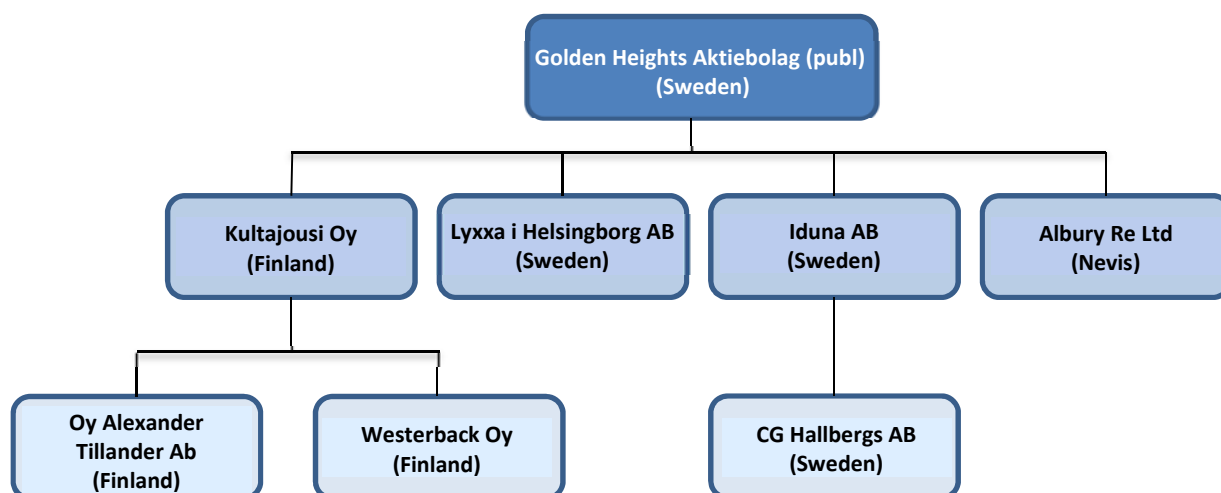
Pursuant to the Issuer's Articles of Association, its share capital shall be no less than SEK 50,000,000 and no more than SEK 200,000,000, with its number of shares being no less than 500,000 shares and no more than 2,000,000 shares. As at the date of this Prospectus, the Issuer's registered share capital was SEK 185,947,100 divided into 1,859,471 shares.

#### *Ownership*

The Issuer's sole shareholder is Golden Heights Oy, a private limited company organised under the laws of Finland, which is indirectly wholly owned by Mr Sten Warborn. There are, as at the date of this Prospectus, no agreements or other arrangements that will or may result in a change of control over the Issuer.

#### *Legal structure*

The Company has seven direct and indirectly wholly owned Subsidiaries; Kultajousi Oy, Lyxxa i Helsingborg AB, Iduna AB, C.G. Hallbergs Guldsmeds AB, Westerback Oy, Oy Alexander Tillander Ab and Albury Re Ltd. Operations are conducted in the Subsidiaries. See below for group structure chart:



### *Governance*

To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions to the managing director adopted by the Company.

### **Significant adverse changes, recent events and trends**

Except for the acquisition of Albury Re Ltd (see section "*Description of the Group's business*", "*Trademarks*" and "*Albury Re Ltd*" above) and the issuance of the Notes, there have been no recent events particular to the Company, which are to a material extent relevant to the evaluation of the Company's solvency.

The last audited financial report was the annual report of 2017 for the Issuer and the Group. The Group published its latest interim financial report for the financial year 2018 on 26 February 2019. There has been no material adverse change in the prospects of the Issuer since the date of publication of its last audited financial reports and, except for the acquisition of Albury Re Ltd (see section "*Description of the Group's business*", "*Trademarks*" and "*Albury Re Ltd*" above), no significant change in the financial or market position of the Group since the end of the last financial period for which interim financial information has been published.

### **Legal and arbitration proceedings**

The Company is not, and has over the past twelve months not been, a party to any legal proceedings or arbitration proceedings that have had or would have a material effect on the Group's financial position or profitability, nor has the Company been informed of any claims that could lead to the Issuer or any member of the Group becoming a party to such proceedings.

### **Material Agreements**

Neither the Issuer, nor any other member of the Group, has entered into any material agreements not in the ordinary course of its business which may affect the Issuer's ability to fulfil its obligations under the Notes.

## **BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS**

Information on the members of the board of directors and the senior management for the Issuer, including significant assignments outside the Group that are relevant for the Group, is set forth below, and, unless otherwise explicitly stated, represents the situation as per the date of the Prospectus.

### **Board of directors**

Pursuant to the Company's articles of association, the board of directors shall consist of no less than three and no more than five members, with a maximum of three deputy members. The board of directors currently consists of four members elected by the general meeting of the shareholders.

#### *Sten Warborn*

Born 1942 and member of the board of directors since 2006 and chairman of the board of directors in the Company since 2014. Sten Warborn holds a Master of Science in Business and Economics. Current principal assignments include: CEO and member of the board of directors in Golden Heights S.A., member of the board of directors in Golden Heights Oy and employee of Ansgar Ltd<sup>2</sup>.

#### *Sverker Albrektson*

Born 1941 and member of the board of directors since 2014. Formerly substitute of the board of directors since 2006. Sverker Albrektson holds a Master of Laws. Current principal assignments include: member of the board of directors in Albrektsons Juvel AB.

#### *Urban Strand*

Born 1950 and member of the board of directors since 2014. Responsible for market- and product department within Guldfynd. Vice President and Merchandise Manager at Iduna AB during the period of 2001 to 2011. Urban Strand holds a Master of Science in Business and Economics. He has no other on-current principal assignments.

#### *Bengt Warborn*

Born 1945 and member of the board of directors since 2014. Bengt Warborn holds a Master of Science in Business and Economics. He has no other on-current principal assignments.

### **Key Management in the Group**

#### *Madeléne Wingård*

Born 1967 and Managing Director of the Company since 2014 (with the Group since 1991, most recently as CFO). Madeléne Wingård holds a Master in Business Science and Nutrition Economics. She has no other current principal assignments.

#### *Katja Warborn*

Born 1970 and Division Manager in Kultajousi Oy and Iduna AB since 2016. Kajsa Warborn joined the group in 2005. She has no other current principal assignments.

#### *Sussanna Soini*

Born 1970 and Assortment Manager in Kultajousi since 2017. Sussanna Soini joined Kultajousi in 1998. She has no other current principal assignments.

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<sup>2</sup> Sten Warborn is an employee of Ansgar Ltd, a company organised under the laws of the Cayman Islands. Ansgar Ltd has entered into a managerial and financial services agreement with Golden Heights Oy (the Company's immediate parent company), under which it provides accounting, cash management services and financial reporting services to the Group.

*Anders Lundgren*

Born 1974 and Logistic Manager since 2014 in Iduna AB. Anders Lundgren joined Iduna AB in 2007. Anders Lundgren has no other current principal assignments.

*Claes Fahlberg*

Born 1958 and Establishment Manager since 2016 in Iduna AB. Claes Fahlberg has no other current principal assignments.

*Mats Classon*

Born 1969 and Division Manager in Iduna AB since 2018. Mats Classon joined Iduna AB in 2012. He has no other current principal assignments.

*Johan Hedlund*

Born 1967 and HR Director in Iduna AB since 2018. Johan Hedlund studied at the Swedish National Defence Management Institute during the period 1995 to 1998. He has no other current principal assignments.

*Karin Engblom*

Born 1959 and Assortment Manager in Iduna AB since 2015. Karin Engblom joined Iduna AB in 1989. She holds a Bachelor's degree in Economics and Business Administration. She has no other current principal assignments.

*Tomas Nyberg*

Born 1970 and Marketing Manager for the Group in Finland and Sweden. Tomas Nyberg joined Kultajousi Oy in 2007. He holds a Master of Science in Business and Economics. He has no other current principal assignments.

*Stefan Sjöstedt*

Born 1966 and CIO in Iduna AB since 2007. He has no other current principal assignments.

*Sten Warborn*

For further information, see section "Board of directors" above.

**Additional information on the board of directors and the senior management*****Business address***

The address for all members of the board and the senior management in Sweden is c/o Golden Heights AB, 432 84, Varberg, Sweden and for senior management in Finland c/o Golden Heights Oy, Vällitalontie 71 00660 Helsinki, Finland.

***Auditor***

Ernst & Young AB, with Staffan Landén (631113-2515) as responsible auditor, is the Company's auditor since 2010. Staffan Landén is an authorised public accountant at Ernst & Young AB and member of FAR, the professional institute for accountants in Sweden.

Unless explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Issuer's auditor.



***Conflicts of interest***

No member of the board or the senior management has any private interest that may conflict with the Company's interest.

## **SUPPLEMENTARY INFORMATION**

### **Clearing and settlement**

The Notes are connected to the account-based system Euroclear Sweden AB, reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm. This means that the Notes are registered on behalf of the Noteholders on a securities account (Sw. *VP-konto*). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden's book-entry system.

### **Credit rating**

Neither the Company, nor the Notes have a credit rating from an international credit rating institute.

### **Representation of the Noteholders**

Intertrust (Sweden) AB, reg. no. 556625-5476, or another party replacing it, acts as the Noteholders' Agent. By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Notes held by such Noteholder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer, and any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security.

An agreement was entered into between the Agent and the Issuer (the "**Agency Agreement**") on or before the First Issue Date. The rights, obligations and the representation of the Agent are set forth in the Terms and Conditions.

### **Certain material interests**

The Sole Bookrunner has engaged in, and may in the future engage in, commercial banking and/or investment banking or other services for the Issuer and/or the Group in the ordinary course of business. In particular, it should be noted that the Sole Bookrunner may be the lender under certain credit facilities with a member of the Group as borrower. Therefore conflicts of interest may exist or arise as a result of the Sole Bookrunner having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions with third parties with conflicting interests.

### **Listing costs**

The total expenses in conjunction with the admission to trading are expected not to be higher than SEK 200,000.

### **Documents available for inspection**

Copies of the following documents are available at the Company's head office in paper format during the validity period of this Prospectus and electronically at the Company's website ([iduna.se](http://iduna.se));

- the Company's articles of association;
- the Company's certificate of registration;
- the Group's consolidated annual report for the financial year 2016;
- the Group's consolidated annual report for the financial year 2017; and
- the Terms and Conditions.

## OVERVIEW OF FINANCIAL REPORTING AND DOCUMENTS INCORPORATED BY REFERENCE

The Issuer's consolidated annual reports for the financial years 2017 and 2016 have been incorporated in this Prospectus by reference. The information incorporated by reference includes the consolidated financial statements for the Group as well as the financial statements for the Company and is to be read as part of this Prospectus.

The accounting principles applied in the preparation of the Company's financial statements are set out below and have been consistently applied to all of the years presented, unless otherwise stated.

As regards annual reports, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The annual reports for the Company have been prepared in accordance with the Swedish Annual Accounts Act (Sw. *Årsredovisningslag 1995:1554*) and the recommendation RFR 1 "Supplementary Accounting Rules for Groups", as well as statements issued by the Swedish Financial Reporting Board. The Company applies the same accounting policies as the Group except for in those cases specified in note 1 of the annual reports. The differences that exist are due to the limitations on applying IFRS in the Company due to the Swedish Annual Accounts Act and in certain cases, for taxation purposes.

The Issuer's consolidated annual reports for the financial years 2017 and 2016 have been audited by the Group's auditor and the auditor's reports have been incorporated into this Prospectus by reference. Other than the auditing of the Group's annual report, the auditor has not audited or reviewed any other parts of this Prospectus. The annual reports for the financial years 2017 and 2016 have been submitted to the SFSA and the documents regarding the Issuer have been made public.

### The consolidated annual report for the financial year 2017

The Group's consolidated annual report for the financial year 2017 is incorporated in this Prospectus by reference. For particular financial figures, please refer to the pages set out below.

<i>Reference</i>	<i>Pages in the annual report</i>
The Group's consolidated income statement	12
The Group's consolidated balance sheet	13–14
The Group's statement on changes in equity	15
The Group's consolidated cash flow statement	16
The Company's consolidated income statement	17
The Company's statement on changes in equity	18
The Company's consolidated cash flow statement	20–21
Notes	22–41
Independent auditor's report	43–46

### **The consolidated annual report for the financial year 2016**

The Group's consolidated annual report for the financial year 2016 is incorporated in this Prospectus by reference. For particular financial figures, please refer to the pages set out below.

<i>Reference</i>	<i>Pages in the annual report</i>
The Group's consolidated income statement	5
The Group's consolidated balance sheet	6–7
The Group's statement on changes in equity	8
The Group's consolidated cash flow statement	9
The Company's consolidated income statement	10
The Company's statement on changes in equity	11–12
The Company's consolidated cash flow statement	13
Notes	14
Independent auditor's report	37–39

The Issuer's consolidated annual reports mentioned above are available in electronic form on the Issuer's web page [www.iduna.se](http://www.iduna.se) and can also be obtained from the Issuer in paper format in accordance with what is stated section "*Documents available for inspection*" above.

Investors should read all information which is incorporated in the Prospectus by reference. Information in the abovementioned documents which is not incorporated by reference in this Prospectus, is either deemed by the Issuer not to be relevant for investors in the Notes or is covered elsewhere in the Prospectus.

**TERMS AND CONDITIONS FOR THE NOTES**

**TERMS AND CONDITIONS FOR  
GOLDEN HEIGHTS AB (PUBL)  
SENIOR SECURED FLOATING RATE NOTES  
2019/2022**

**ISIN: SE0010599498**

**SELLING RESTRICTION**

No action is being taken that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.

**PRIVACY NOTICE**

The Issuer and the Agent may collect and process personal data relating to the Noteholders, the Noteholders' representatives or agents, and other persons nominated to act on behalf of the Noteholders pursuant to the Finance Documents (name, contact details and, when relevant, holding of Notes). The personal data relating to the Noteholders is primarily collected from the registry kept by the CSD. The personal data relating to other persons is primarily collected directly from such persons.

The personal data collected will be processed by the Issuer and the Agent for the following purposes:

- (a) to exercise their respective rights and fulfil their respective obligations under the Finance Documents;
- (b) to manage the administration of the Notes and payments under the Notes;
- (c) to enable the Noteholders' to exercise their rights under the Finance Documents; and
- (d) to comply with their obligations under applicable laws and regulations.

The processing of personal data by the Issuer and the Agent in relation to items (a) – (c) is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the Finance Documents. In relation to item (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer or Agent. Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.

Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Issuer and the Agent, respectively. In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format. Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Issuer's and the Agent's addresses, and the contact details for their respective Data Protection Officers (if applicable), are found on their websites [www.iduna.se](http://www.iduna.se) and [www.intertrustgroup.com](http://www.intertrustgroup.com).

## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

In these terms and conditions (the "**Terms and Conditions**"):

"**Account Operator**" means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Noteholder has opened a Securities Account in respect of its Notes.

"**Accounting Principles**" means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (as in force on the First Issue Date).

"**Adjusted Nominal Amount**" means the Total Nominal Amount less the Nominal Amount of all Notes owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Notes.

"**Affiliate**" means (i) an entity controlling or under common control with the Issuer, other than a Group Company, and (ii) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards a Group Company or an entity referred to in item (i) to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in item (i). For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

"**Agency Agreement**" means the agency agreement entered into on or before the First Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent.

"**Agent**" means Intertrust (Sweden) AB, Swedish Reg. No. 556625-5476, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

"**Business Day**" means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year's Eve (*nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

"**Business Day Convention**" means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

"**Change of Control Event**" means an event or a series of events resulting in Sten Warborn ceasing to own, legally and beneficially, directly or indirectly (i) fifty point one (50.1) per cent or more of the issued shares in the capital and voting rights of the Issuer, or (ii) following the an admission to trading or listing, as the case may be, of thirty (30) per cent. or more of the issued shares in the capital and voting rights of the Issuer and provided that Sten Warborn has the largest shareholding and provided also that no person or group of persons acting in concert directly or indirectly acquires a larger beneficial ownership or other control greater than that of Sten Warborn, other than with the prior consent of the Noteholders.

"**Compliance Certificate**" has the meaning set forth in Clause 12.1.4.

"**Credit Agreement**" means the SEK 225,000,000 revolving credit facility agreement dated on or about the First Issue Date between, amongst others, Iduna AB and Kultajousi Oy as the borrowers and Skandinaviska Enskilda Banken AB (publ) as lender.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Notes, Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden, or another party replacing it, as CSD, in accordance with these Terms and Conditions.

“**CSD Regulations**” means the CSD’s rules and regulations applicable to the Issuer, the Agent and the Notes from time to time.

“**Debt Instruments**” means bonds, notes or other debt securities (however defined), which are or can be quoted, listed, traded or otherwise admitted to trading on a Regulated Market, a multilateral trading facility or an organised trading facility (each as defined in Directive 2014/65/EU on markets in financial instruments).

“**Debt Register**” means the debt register (*skuldbok*) kept by the CSD in respect of the Notes in which (i) an owner of Notes is directly registered or (ii) an owner’s holding of Notes is registered in the name of a nominee.

“**EBITDA**” means operational earnings of the Group, before interest, taxes, depreciation and amortisation (without double counting) calculated in accordance with the Accounting Principles, not including any exceptional, one off, non-recurring or extraordinary items (*rörelseresultatet före avskrivningar*), for any twelve (12) months period ending on the last day of the period covered by the most relevant financial statements delivered pursuant to Clause 12.1.1 ((b)). For the purpose of calculating EBITDA, entities acquired or disposed of during a measurement period will be included or excluded (as applicable) for the entirety of that measurement period.

“**Escrow Account**” means the bank account held by the Issuer with the Escrow Bank for the purpose of the arrangement specified in Clause 5 (*Escrow of proceeds*).

“**Escrow Account Pledge Agreement**” means the agreement for Security over the funds standing to the credit on the Escrow Account, entered into between the Issuer and the Agent.

“**Escrow Bank**” means Skandinaviska Enskilda Banken AB (publ).

“**Event of Default**” means an event or circumstance specified in Clause 14.1.

“**Equity Contribution**” means either (i) an unconditional group contribution (*koncernbidrag*), or (ii) a shareholder’s contribution (*aktieägartillskott*), by the Parent to the Issuer for an amount of SEK 20,000,000.

“**Equity Contribution Failure Event**” means

- (a) that an Equity Contribution is not made within 60 Business Days from the First Issue Date; or
- (b) that the Agent has not received notice from the Issuer in accordance with Clause 12.1.3.

“**Existing Notes**” means the up to SEK 400,000,000 senior secured floating rate notes issued by the Issuer on 11 August 2014 with final maturity date on 18 June 2019.

“**Final Maturity Date**” means 8 March 2022.

“**Finance Documents**” means these Terms and Conditions, the Security Documents and any other document designated by the Issuer and the Agent as a Finance Document.

“**Financial Indebtedness**” means:

- (a) moneys borrowed (including under any bank financing or Debt Instrument);
- (b) the amount of any liability under any finance leases (a lease which in accordance with the Accounting Principles is treated as an asset and a corresponding liability), provided that any existing or future leases which would prior to 1 January 2019 have been treated as operating leases, shall not be considered as being finance leases due to any subsequent change in the Accounting Principles;
- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);



- (d) any other transaction (including the obligation to pay deferred purchase price) having the commercial effect of a borrowing or otherwise being classified as borrowing under the Accounting Principles;
- (e) the marked-to-market value of derivative transactions entered into in connection with protection against, or benefit from, fluctuation in any rate or price (if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution; and
- (g) without double-counting, liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs (a) to (f) above;

and provided that pension liabilities and provisions which are treated as borrowings or financial debt under IFRS shall not be included.

**"Financial Instruments Accounts Act"** means the Central Securities Depositories and Financial Instruments Accounts Act (*lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

**"First Call Date"** means the date falling 24 months after the First Issue Date.

**"First Issue Date"** means 8 March 2019 or such other date as agreed between the Issuing Agent and the Issuer.

**"Force Majeure Event"** has the meaning set forth in Clause 24.1.

**"Group"** means the Issuer and its Subsidiaries from time to time (each a **"Group Company"**).

**"Initial Nominal Amount"** has the meaning set forth in Clause 2.3.

**"Initial Notes"** means the Notes issued on the First Issue Date.

**"Insolvent"** means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Bankruptcy Act (*konkurslag (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with all or substantially all of its creditors (other than the Noteholders and creditors of secured debt) with a view to rescheduling any of its indebtedness (including company reorganisation under the Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

**"Interest"** means the interest on the Notes calculated in accordance with Clauses 9.1 to 9.3.

**"Interest Payment Date"** means 31 March, 30 June, 30 September, and 31 December of 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. The first Interest Payment Date for the Notes shall be 31 March 2019 and the last Interest Payment Date shall be the relevant Redemption Date.

**"Interest Period"** means (i) in respect of the first Interest Period, the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

**"Interest Rate"** means STIBOR plus 8 per cent. per annum.

**"Issue Date"** means the date of which Notes are to be issued, as agreed between the Issuing Agent and the Issuer.

**“Issuer”** means Golden Heights AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556711-9648.

**“Issuing Agent”** means initially, Skandinaviska Enskilda Banken AB (publ) and thereafter each other party appointed as Issuing Agent in accordance with these Terms and Conditions and the CSD Regulations.

**“Listing Failure Event”** means (i) that the Initial Notes are not admitted to trading or listed on a Regulated Market within sixty (60) days following the First Issue Date, (ii) that any Subsequent Notes are not admitted to trading or listed on a Regulated Market within thirty (30) days following their Issue Date, and (iii) in the case of a successful admission, that a period of thirty (30) days has elapsed since the Notes ceased to be admitted to trading or listed on a Regulated Market.

**“Loan Pledge Agreements”** means:

- (e) the intra-group loan pledge agreement entered into by the Parent and the Agent on or about the First Issue Date regarding all intra-group loans from the Parent to the Issuer; and
- (f) the intra-group loan pledge agreement entered into by the Issuer and the Agent on or about the First Issue Date regarding any and all intra-group loans from the Issuer to other Group Companies other than intra-group loans resulting from cash pool arrangements.

**“Market Loan”** means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, under any medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on a Regulated Market or an unregulated recognised market place.

**“Material Adverse Effect”** means a material adverse effect on the Issuer’s ability to perform and comply with its obligations under the Finance Documents to which it is a party or the validity or enforceability of, or the effectiveness or ranking of any Transaction Security which is materially detrimental to the interest of the Noteholders.

**“Material Disposal”** has the meaning set forth in Clause 13.5 (*Disposal of operations*).

**“Net Debt”** means on a Group consolidated basis (i) the aggregate amount of all interest-bearing obligations (not including any Financial Indebtedness owed by the Issuer and which is expressly permitted under Clauses 13.7.1 ((d), ((e) and ((g)) (including financial lease obligations which according to the definition of Financial Indebtedness shall be treated as financial leases)) less (ii) cash in hand or at a bank, payments made by cheque, debit card or credit card which are yet to be received in cleared funds, short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and readily marketable inventories of gold in grain and under smelting.

**“Net Interest Payable”** means for any twelve (12) months period ending on the last day of the period covered by the most recent financial statements delivered pursuant to Clause 12.1.1 ((b), calculated in accordance with the Accounting Principles, the aggregate of all financial expenses for the Group (excluding financial expenses for Financial Indebtedness owed by the Issuer and which is expressly permitted under Clauses 13.7.1 ((d) and ((g)):

- (a) minus all financial income;
- (b) minus/plus unrealised losses/gains on currency fluctuations related to hedges of financial items in balance sheet and/or income statement, derivative instruments and financial instruments, other than any derivative instruments which are designated as hedges of operational items and/or derivatives accounted for on a hedge accounting basis.

**“Nominal Amount”** means in respect of each Note the Initial Nominal Amount, less the aggregate amount by which that Note has been redeemed in part pursuant to Clause 10.4 (*Voluntary and mandatory partial redemptions (call and put option)*).

“**Note**” means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, including the Initial Notes and any Subsequent Notes.

“**Noteholder**” means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Note.

“**Noteholders’ Meeting**” means a meeting among the Noteholders held in accordance with Clauses 16.1 (*Request for decision*), 16.2 (*Convening of Noteholders’ Meeting*) and 16.4 (*Majority, quorum and other provisions*).

“**Parent**” means Golden Heights Oy, a limited liability company incorporated under the laws of Finland with Business Identity Code 2045453-6.

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

“**Record Date**” means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Noteholders is to be made under Clause 15 (*Distribution of proceeds*), (iv) the date of a Noteholders’ Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Date**” means the date on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 10 (*Redemption and repurchase of the Notes*).

“**Refinancing**” has the meaning set forth in Clause 13.8 ((b)).

“**Regulated Market**” means any regulated market (as defined in Directive 2014/65/EU on markets in financial instruments).

“**Restricted Payment**” has the meaning set forth in Clause 13.6.1.

“**Secured Obligations**” means all present and future obligations and liabilities of the Issuer to the Secured Parties under the Finance Documents and the Agency Agreement.

“**Secured Parties**” means the Noteholders and the Agent (including in its capacity as Agent under the Agency Agreement).

“**Securities Account**” means the account for dematerialised securities (*avstämningsregister*) maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such security is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee.

“**Security**” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

“**Security Documents**” means the Escrow Account Pledge Agreement, the Loan Pledge Agreements and the Share Pledge Agreements.

“**Share Pledge Agreements**” means:

- (a) the share pledge agreement in relation to all the shares in the Issuer entered into by the Parent and the Agent on or about the First Issue Date;
- (b) the share pledge agreement in relation to all the shares in Iduna AB entered into by the Issuer and the Agent on or about the First Issue Date;
- (c) the share pledge agreement in relation to all the shares in Kultajousi Oy entered into by the Issuer and the Agent on or about the First Issue Date;

- (d) the share pledge agreement in relation to all the shares in Lyxxa i Helsingborg AB entered into by the Issuer and the Agent on or about the First Issue Date;
- (e) the share pledge agreement in relation to all the shares in Albury Re Ltd entered into by the Issuer and the Agent on or about the First Issue Date; and
- (f) any share pledge agreement in relation to all the shares in any Group Company (other than the Issuer, Iduna AB, Kultajousi Oy, Lyxxa i Helsingborg AB and Albury Re Ltd) entered into by the Issuer and the Agent on or about the date on which the Issuer directly acquires (whether by way of incorporation or otherwise) such shares.

“**Special Mandatory Redemption**” has the meaning set forth in Clause 5.3.

“**STIBOR**” means:

- (a) the applicable percentage rate *per annum* displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period;
- (b) if no rate as described in (a) is available for the relevant Interest Period, the rate determined by the Issuing Agent by interpolation between the two closest rates displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor;
- (c) if no rate as described in (b) is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

if any such rate is below zero, STIBOR will be deemed to be zero.

“**Subsequent Notes**” means any Notes issued after the First Issue Date on one or more occasions.

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Companies Act (*aktiebolagslag (2005:551)*).

“**Swedish Kronor**” and “**SEK**” means the lawful currency of Sweden.

“**Total Nominal Amount**” means the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

“**Transaction Security**” means the Security provided for the Secured Obligations pursuant to the Security Documents.

“**Written Procedure**” means the written or electronic procedure for decision making among the Noteholders in accordance with Clauses 16.1 (*Request for a decision*), 16.3 (*Instigation of written procedure*) and 16.4 (*Majority, quorum and other provisions*).

## 1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) “assets” includes present and future properties, revenues and rights of every description;

- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a "regulation" includes any law, regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (d) a provision of regulation is a reference to that provision as amended or re-enacted; and
- (e) a time of day is a reference to Stockholm time.

1.2.2 An Event of Default is continuing if it has not been remedied or waived.

1.2.3 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (Riksbanken) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.

1.2.4 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.

1.2.5 No delay or omission of the Agent or of any Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

## 2. STATUS OF THE NOTES

2.1 The Notes are denominated in Swedish Kronor and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions.

2.2 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.

2.3 The initial nominal amount of each Initial Note is SEK 1,250,000 (the "**Initial Nominal Amount**"). The maximum aggregate nominal amount of the Initial Notes is SEK 400,000,000. All Initial Notes are issued on a fully paid basis at an issue price of 100 per cent. of the Initial Nominal Amount.

2.4 Provided that (i) no Event of Default is continuing or would result from the expiry of a grace period, the giving of a notice, the making of any determination (or any combination of the foregoing) or from the relevant issue of Subsequent Notes, and (ii) the Issuer complies with the relevant financial ratios set out in Clause 13.7.1 ((h)), the Issuer may, on one or several occasions, issue Subsequent Notes. Subsequent Notes shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the interest rate, the currency, the nominal amount and the final maturity applicable to the Initial Notes shall apply to Subsequent Notes. The issue price of the Subsequent Notes may be set at the Nominal Amount, a discount or a premium compared to the Nominal Amount. The maximum aggregate nominal amount of the Notes (the Initial Notes and all Subsequent Notes) may not exceed SEK 800,000,000 unless a consent from the Noteholders is obtained in accordance with Clause 16.4.2 ((a)). Each Subsequent Note shall entitle its holder to Interest in accordance with Clause 9.1, and otherwise have the same rights as the Initial Notes.

- 2.5 The Notes constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them and at least *pari passu* with all other direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except obligations which are preferred by mandatory regulation and except as otherwise provided in the Finance Documents.
- 2.6 The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local regulation to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- 2.7 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

### **3. USE OF PROCEEDS**

- 3.1 The Issuer shall use the proceeds from the issue of the Initial Notes, less the costs and expenses incurred by the Issuer in connection with the issue of the Initial Notes, towards (i) repayment of the Existing Notes and (ii) its general corporate purposes.
- 3.2 The Issuer shall use the proceeds from the issue of any Subsequent Note, less the costs and expenses incurred by the Issuer in connection with such issue, towards the acquisition of businesses or assets and/or for its general corporate purposes.

### **4. CONDITIONS FOR DISBURSEMENT**

- 4.1 The Issuer shall provide to the Agent, no later than four (4) Business Days prior to the First Issue Date, the following:
- (a) the Finance Documents and the Agency Agreement duly executed by the Issuer and the Parent, as applicable;
  - (b) a copy of a resolution from the board of directors of the Issuer and the Parent approving the issue of the Initial Notes, the terms of the Finance Documents and the Agency Agreement, and resolving to enter into such documents and any other documents necessary in connection therewith;
  - (c) copies of the articles of association and certificates of incorporation of the Issuer and the Parent;
  - (d) evidence that the person(s) who has/have signed the Finance Documents, the Agency Agreement and any other documents in connection therewith on behalf of the Issuer and the Parent is/are duly authorised to do so;
  - (e) a legal opinion addressed to the Agent, in form and substance satisfactory to the Agent, regarding the enforceability of the Finnish law governed Share Pledge Agreement of the shares in Kultajousi Oy from legal counsel as to Finnish law;
  - (f) a legal opinion addressed to the Agent, in form and substance satisfactory to the Agent, regarding the enforceability of the Nevis law governed Share Pledge Agreement of the shares in Albury Re Ltd from legal counsel as to Nevis law;
  - (g) a conditions precedent satisfaction letter addressed to the Agent and issued by Mannheimer Swartling Advokatbyrå AB in a form and substance satisfactory to the Agent;

- (h) a form of Compliance Certificate agreed between the Issuer and the Agent;
- (i) evidence that the Issuer will redeem the entire outstanding principal amount of the notes under the Existing Notes (including information necessary for the transfer of funds from the Escrow Account to the noteholders under the Existing Notes) and that all Security provided for such financing will be simultaneously released;
- (j) evidence that the Escrow Account Pledge Agreement has been perfected; and
- (k) such other documents and information as is specified in the Security Documents or otherwise agreed between the Agent and the Issuer.

4.2 The Issuer shall provide to the Agent, no later than four (4) Business Days prior to the Issue Date in respect of any Subsequent Notes the following:

- (a) a copy of a resolution from the board of directors of the Issuer approving the issue of the Subsequent Notes and resolving to enter into documents necessary in connection therewith;
- (b) a certificate from the Issuer confirming that (i) no Event of Default is continuing or would result from the expiry of a grace period, the giving of a notice, the making of any determination (or any combination of the foregoing) or from the issue of Subsequent Notes and (ii) the Issuer will, following the issue of the Subsequent Notes, comply with the relevant financial covenants set out in Clause 13.7.1 ((h) and setting out in reasonable detail the calculations in relation thereto on a pro forma basis; and
- (c) such other documents and information as is agreed between the Agent and the Issuer.

4.3 The Agent shall confirm to the Issuing Agent when it is satisfied that the conditions in Clause 4.1, or 4.2, as the case may be, have been fulfilled (or amended or waived in accordance with Clause 17 (*Amendments and waivers*)). The relevant Issue Date shall not occur (i) unless the Agent makes such confirmation to the Issuing Agent no later than 9.00 a.m. three (3) Business Days prior to the relevant Issue Date (or later, if the Issuing Agent so agrees), or (ii) if the Issuing Agent and the Issuer agree to postpone the relevant Issue Date.

4.4 Following receipt by the Issuing Agent of the confirmation in accordance with Clause 4.3, the Issuing Agent shall:

- (a) in relation to the Initial Notes, settle the issuance of the Initial Notes and pay the gross proceeds into the Escrow Account on the First Issue Date; and
- (b) in relation to any Subsequent Notes, settle the issuance of the Subsequent Notes and pay the gross proceeds into such account as designated by the Issuer on the relevant Issue Date.

## **5. ESCROW OF PROCEEDS**

5.1 The funds standing to the credit on the Escrow Account form part of the Transaction Security.

5.2 The Agent shall instruct the Escrow Bank to (i) transfer funds standing on the Escrow Account to such account(s) as indicated by the Issuer pursuant to Clause 4.1 ((i) and as required for the redemption of the entire outstanding principal amount of the notes under the Existing Notes, and (ii) once the funds required for the redemption of the Existing Notes have been transferred, release the Security pursuant to the Escrow Account Pledge Agreement, when the Agent is satisfied that it has received the following:

- (a) evidence that all applicable perfection requirements regarding the Security Documents (other than the Escrow Account Pledge Agreement) will be fulfilled on the date of disbursement; and
- (b) such other documents and information as is agreed between the Agent and the Issuer.

5.3 If the Agent determines that it has not received the conditions precedent set out in Clause 5.2 on or before the Business Day falling thirty (30) days after the First Issue Date and the Agent has not amended or waived such conditions in accordance with Clause 17 (*Amendments and waivers*), the Issuer shall redeem all, but not some only, of the outstanding Notes in full at the amount that would follow from an application of Clause 10.3.1, together with accrued but unpaid interest (a "**Special Mandatory Redemption**"). The Agent may use the whole or any part of the amounts standing to the credit on the Escrow Account to fund a Special Mandatory Redemption.

5.4 A Special Mandatory Redemption shall be made by the Issuer giving notice to the Noteholders and the Agent promptly following the date when the Special Mandatory Redemption is triggered pursuant to Clause 5.3. The Issuer shall redeem the Notes in full at the applicable amount on a date specified in the notice from the Issuer, such date to fall no later than ten (10) Business Days after the effective date of the notice.

## 6. NOTES IN BOOK-ENTRY FORM

6.1 The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator. The Debt Register shall be conclusive evidence of the persons who are Noteholders and their holdings of Notes.

6.2 Those who according to assignment, Security, the provisions of the Children and Parents Code (*föräldrabalk (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.

6.3 The Issuer and the Agent shall at all times be entitled to obtain information from the Debt Register. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent. For the purpose of carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the Debt Register.

6.4 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the Debt Register. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.

6.5 The Issuer and the Agent may use the information referred to in Clauses 6.3 and 6.4 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and the Agency Agreement and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

## 7. RIGHT TO ACT ON BEHALF OF A NOTEHOLDER

7.1 If any person other than a Noteholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other authorisation from the Noteholder or a successive, coherent chain of powers of attorney or authorisations starting with the Noteholder and authorising such person.



- 7.2 A Noteholder may issue one or several powers of attorney or other authorisations to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder.
- 7.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 7.2 and may assume that such document has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face or the Agent has actual knowledge to the contrary.
- 7.4 These Terms and Conditions shall not affect the relationship between a Noteholder who is the nominee (*förvaltare*) with respect to a Note and the owner of such Note, and it is the responsibility of such nominee to observe and comply with any restrictions that may apply to it in this capacity.

## **8. PAYMENTS IN RESPECT OF THE NOTES**

- 8.1 Any payment or repayment under the Finance Documents, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant payment date, or to such other person who is registered with the CSD on such Record Date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 8.2 If a Noteholder has registered, through an Account Operator, that principal, interest or any other payment shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Noteholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 8.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 9.4 during such postponement.
- 8.4 If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- 8.5 The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

## **9. INTEREST**

- 9.1 Each Initial Note carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Note will carry Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to (and including) the relevant Redemption Date.
- 9.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.
- 9.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

- 9.4 If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the Interest Rate. The default interest shall not be capitalised but be payable to each person who was a Noteholder on the Record Date for the original due date. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **10. REDEMPTION AND REPURCHASE OF THE NOTES**

### **10.1 Redemption at maturity**

The Issuer shall redeem all, but not some only, of the outstanding Notes in full on the Final Maturity Date with an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the first following Business Day.

### **10.2 Purchase of Notes by Group Companies**

- 10.2.1 Each Group Company may, subject to applicable regulations, at any time and at any price purchase Notes on the market or in any other way.

- 10.2.2 Notes held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.

### **10.3 Voluntary total redemption (call option)**

- 10.3.1 The Issuer may redeem all, but not only some, of the outstanding Notes in full together with accrued but unpaid interest at any Business Day from, and including, the date falling 3 months prior to the Final Maturity Date, to but excluding, the Final Maturity Date, at an amount equal to 100 per cent. of the Nominal Amount provided that the redemption is financed, in part or in full, by way of one or several Market Loan issues.

- 10.3.2 Redemption in accordance with Clause 10.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice and not more than thirty (30) Business Days' notice to the Noteholders and the Agent, in each case calculated from the effective date of the notice. The Notice from the Issuer shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon fulfilment of the conditions precedent (if any), the Issuer shall redeem the Notes in full at the applicable amount on the specified Redemption Date.

### **10.4 Voluntary and mandatory partial redemptions (call and put option)**

- 10.4.1 The Issuer must repay a total amount of SEK 20,000,000 of the principal debt one (1) year after the First Issue Date and a total amount of SEK 40,000,000 of the principal debt two (2) years after the First Issue Date. All outstanding Notes shall be repaid by way of reducing the Nominal Amount of each Note *pro rata*. The repayment must occur on the Interest Payment Date immediately following the date repayment is due. The repayment per Note shall be equal to the repaid amount (rounded down to the nearest SEK 1,000) plus accrued but unpaid Interest on the repaid amount.

- 10.4.2 The Issuer may repay an amount not exceeding SEK 125,000 of principal debt outstanding per Note at one occasion per twelve-months period during the first three (3) years after the First Issue Date (without carry-back or carry forward), in which case all outstanding Notes shall be repaid by way of reducing the Nominal Amount of each Note *pro rata*. The repayment must occur on an Interest Payment Date. The repayment per Note shall be equal to the repaid amount (rounded down to the nearest SEK 1,000) plus

(i) a premium on the repaid amount of three (3) per cent. and (ii) accrued but unpaid Interest on the repaid amount.

- 10.4.3 The Issuer may at one occasion, in connection with an initial public offering of shares in the Issuer or the Parent, repay up to thirty five (35) per cent. of the Total Nominal Amount, in which case all outstanding Notes shall be partially repaid by way of reducing the Nominal Amount of each Note *pro rata*. The repayment must occur on an Interest Payment Date within one hundred eighty (180) days after such initial public offering and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer or the Parent as a result of such offering, and subsequently on-lent or contributed to the Issuer if received by the Parent, in each case net of fees, charges and commissions actually incurred in connection with such offering, lending or contribution and net of taxes paid or payable as a result of such offering, lending or contribution. The repayment per Note shall equal the repaid amount (rounded down to the nearest SEK 1,000) plus (i) a premium on the repaid amount of three (3) per cent. and (ii) accrued but unpaid Interest on the repaid amount.
- 10.4.4 Partial redemption in accordance with Clauses 10.4.1, 10.4.2 and 10.4.3 shall be made by the Issuer giving not less than fifteen (15) and not more than thirty (30) Business Days' notice to the Noteholders and the Agent, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. The notice is irrevocable but a notice under Clause 10.4.2 and 10.4.3 may, at the Issuer's discretion, contain one or more conditions precedent. Upon fulfilment of the conditions precedent (if any), the Issuer shall redeem each Note in part at the applicable amount on the specified Redemption Date.
- 10.4.5 Notwithstanding Clauses 10.4.1, 10.4.2 and 10.4.3, the aggregate amount repaid pursuant to this Clause 10.4 may not exceed thirty five (35) per cent. of the Total Nominal Amount immediately prior to the first repayment pursuant to this Clause 10.4.

## **10.5 Early redemption due to illegality (call option)**

- 10.5.1 The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest on a Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.
- 10.5.2 The applicability of Clause 10.5.1 shall be supported by a legal opinion issued by a reputable law firm.
- 10.5.3 The Issuer may give notice of a redemption pursuant to Clause 10.5.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse). The notice from the Issuer is irrevocable, shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. The Issuer shall redeem the Notes in full at the applicable amount on the specified Redemption Date.

## **10.6 Mandatory repurchase due to a Change of Control Event or a Listing Failure Event (put option)**

- 10.6.1 Upon the occurrence of a Change of Control Event, each Noteholder shall during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event pursuant to Clause 12.1.2 (after which time period such right shall lapse), have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest. However, such period may not start earlier than upon the occurrence of the Change of Control Event.

- 10.6.2 Upon the occurrence of a Listing Failure Event, each Noteholder shall, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Listing Failure Event pursuant to Clause 12.1.2 (after which time period such right shall lapse) have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest.
- 10.6.3 Upon the occurrence of an Equity Contribution Failure Event, each Noteholder shall, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Equity Contribution Failure Event pursuant to Clause 12.1.2 (after which time period such right shall lapse) have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest.
- 10.6.4 The notice from the Issuer pursuant to Clause 12.1.2 shall specify the period during which the right pursuant to Clauses 10.6.1 and 10.6.2 may be exercised, the Record Date on which a person shall be registered as a Noteholder to receive interest and principal, the Redemption Date and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall, or shall procure that a person designated by the Issuer will, repurchase the relevant Notes and the repurchase amount shall fall due on the Redemption Date specified in the notice given by the Issuer pursuant to Clause 12.1.2. The Redemption Date must fall no later than forty (40) Business Days after the end of the period referred to in Clauses 10.6.1 and 10.6.2.
- 10.6.5 The Issuer shall comply with the requirements of any applicable securities regulations in connection with the repurchase of Notes. To the extent that the provisions of such regulations conflict with the provisions in this Clause 10.6, the Issuer shall comply with the applicable securities regulations and will not be deemed to have breached its obligations under this Clause 10.6 by virtue of the conflict.
- 10.6.6 The Issuer shall not be required to repurchase any Notes pursuant to this Clause 10.6, if a third party in connection with the occurrence of a Change of Control Event, a Listing Failure Event or an Equity Contribution Failure Event offers to purchase the Notes in the manner and on the terms set out in this Clause 10.6 (or on terms more favourable to the Noteholders) and purchases all Notes validly tendered in accordance with such offer. If Notes tendered are not purchased within the time limits stipulated in this Clause 10.6, the Issuer shall repurchase any such Notes within five (5) Business Days after the expiry of the time limit.
- 10.6.7 No repurchase of Notes pursuant to this Clause 10.6 shall be required if the Issuer has given notice of a redemption pursuant to Clause 10.3 (*Voluntary total redemption (call option)*) provided that such redemption is duly exercised.

## **11. TRANSACTION SECURITY**

- 11.1 As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants (and shall procure that the Parent grants) on or before the First Issue Date, the Transaction Security to the Secured Parties as represented by the Agent. The Transaction Security shall be provided and perfected pursuant to, and subject to the terms of, the Security Documents entered into or to be entered into between the Issuer (or the Parent) and the Agent, acting on behalf of the Secured Parties. The Agent shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Security Documents.
- 11.2 In respect of share pledge agreements relating to shares in future Group Companies and loan pledge agreements relating to intra-group loans made available after the First Issue Date by the Issuer to Group Companies (other than intra-group loans resulting from cash pool arrangements), the Issuer shall enter into the applicable Security Documents in forms and substance satisfactory to the Agent (acting reasonably) on or about the date

on which the Issuer acquires (whether by way of incorporation or otherwise) such shares or makes such intra-group loans available (respectively) and shall perfect such Transaction Security in accordance with the terms of the relevant Security Documents.

- 11.3 The Agent shall, on behalf of the Secured Parties, keep all certificates and other documents that are bearers of rights relating to the Transaction Security in safe custody.
- 11.4 Unless and until the Agent has received instructions from the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*), the Agent shall (without first having to obtain the Noteholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security, creating further Security for the benefit of the Secured Parties or for the purpose of settling the Noteholders' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents.
- 11.5 For the purpose of exercising the rights of the Secured Parties, the Agent and the Escrow Bank may instruct the CSD in the name and on behalf of the Issuer to arrange for payments to the Secured Parties under the Finance Documents and change the bank account registered with the CSD and from which payments under the Notes are made to another bank account. The Issuer shall immediately upon request by the Agent provide it with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent, the Escrow Bank and the CSD), that the Agent or the Escrow Bank deems necessary for the purpose of exercising its rights and/or carrying out its duties under this Clause 11.5.
- 11.6 In addition to Clause 5.2, the Agent shall be entitled to release all Transaction Security when it is satisfied of the full discharge of the Secured Obligations.

## **12. INFORMATION TO NOTEHOLDERS**

### **12.1 Information from the Issuer**

- 12.1.1 The Issuer shall make the following information available to the Noteholders by way of press release and by publication on [www.iduna.se](http://www.iduna.se):
- (a) as soon as the same become available, but in any event within four (4) months after the end of each financial year, its audited consolidated financial statements for that financial year prepared in accordance with the Accounting Principles;
  - (b) as soon as the same become available, but in any event within two (2) months after the end of each interim quarter of its financial year, its unaudited consolidated financial statements for such period prepared in accordance with the Accounting Principles;
  - (c) as soon as the same become available, but in any event within two (2) months after the end of its financial year, its year-end report (bokslutskommuniké) for such period prepared in accordance with the Accounting Principles;
  - (d) as soon as practicable following an acquisition or disposal of Notes by a Group Company, the aggregate Nominal Amount of Notes held by Group Companies, or the amount of Notes cancelled by the Issuer; and
  - (e) any other information required by the Securities Markets Act (lag (2007:582) om värdepappersmarknaden) and the rules and regulations of the Regulated Market on which the Notes are admitted to trading or listed.
- 12.1.2 The Issuer shall immediately notify the Noteholders and the Agent upon becoming aware of the occurrence of a Change of Control Event, a Listing Failure Event or an Equity Contribution Failure Event and shall provide the Agent with such further information as it

may reasonably request in writing following receipt of such notice. In respect of a Change of Control Event, such notice may be given in advance of the occurrence of a Change of Control Event, and be conditional upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for such Change of Control Event.

12.1.3 The Issuer shall promptly, but in any event not later than 60 Business Days from the First Issue Date, notify and provide the Agent, with sufficient evidence, that an Equity Contribution has been made.

12.1.4 When the financial statements and other information are made available to the Noteholders pursuant to Clause 12.1.1, the Issuer shall send copies of such financial statements and other information to the Agent. Together with the financial statements or within twenty (20) Business Days of a request from the Agent, the Issuer shall submit to the Agent a compliance certificate (a "**Compliance Certificate**") (i) containing a confirmation that no Event of Default has occurred (or if an Event of Default has occurred, what steps have been taken to remedy it), and (ii) attaching copies of any notices sent to the Regulated Market on which the Notes are admitted to trading or listed. The Compliance Certificate shall include figures in respect of the relevant financial covenant(s), incurrence tests etc. and the basis on which they have been calculated.

## **12.2 Information from the Agent**

12.2.1 Subject to the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 12.2.2, the Agent is entitled to disclose to the Noteholders any document, information, event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Noteholders delay disclosure or refrain from disclosing certain information (save for that any delay in disclosing an Event of Default shall be dealt with in accordance with Clause 14.4).

12.2.2 If a committee representing the Noteholders' interests under the Finance Documents has been appointed by the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Noteholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

## **12.3 Information among the Noteholders**

Subject to applicable regulations, the Agent shall promptly upon request by a Noteholder forward by post any information from such Noteholder to the Noteholders which relates to the Notes. The Agent may require that the requesting Noteholder reimburses any costs or expenses incurred, or to be incurred, by it in doing so (including a reasonable fee for its work).

## **12.4 Availability of Finance Documents**

12.4.1 The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on [www.iduna.se](http://www.iduna.se) and on the Agent's website.

12.4.2 The latest versions of the Finance Documents not made available pursuant to Clause 12.4.1 shall upon written request be made available by the Agent to any person by way of email or at the office of the Agent. The Agent may require that the requesting person reimburses any costs or expenses incurred, or to be incurred, by it in doing so (including a reasonable fee for its work).

## **13. GENERAL UNDERTAKINGS**

### **13.1 Compliance with laws**

The Issuer shall comply with all laws to which it is subject, where failure to do so has or is reasonably likely to have a Material Adverse Effect.

### **13.2 Pari Passu**

The Issuer shall ensure that its payment obligations under the Notes at all times rank at least *pari passu* with all its other direct, unconditional, unsubordinated and unsecured obligations, except those obligations which are preferred by mandatory law, and without any preference among them.

### **13.3 Change of business**

13.3.1 The Issuer shall not conduct any other business than owning shares in other Group Companies (provided that such shares are pledged to the benefit of the Secured Parties), issuing the Notes, lending monies to other Group Companies and providing normal management services to the Group (including employing relevant staff for such services).

13.3.2 The Issuer shall procure that no substantial change is made to the general nature of the business of the Group from that carried on at the First Issue Date.

### **13.4 Disposal of assets**

13.4.1 The Issuer shall not sell, transfer or otherwise dispose of any interest in the shares of any Group Company which are the subject of a Share Pledge Agreement entered into, or to be entered into, in accordance with Clause 11.2.

13.4.2 The Issuer shall not sell, and shall ensure that no other Group Company will sell, transfer or otherwise dispose of assets except for sales, transfers and disposals on arm's length terms for fair market value and provided that any such sale, transfer or disposal does not have a Material Adverse Effect.

### **13.5 Disposal of operations**

13.5.1 The Issuer shall not, and shall procure that no Group Company will, sell or otherwise dispose of any shares in any Group Company or of any substantial operations to any person not being the Issuer or any of the Group Companies (a "**Material Disposal**"), unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect.

13.5.2 The Issuer shall promptly notify the Agent of any Material Disposal and provide the Agent with such further information relating to the disposal as the Agent may reasonably request.

### **13.6 Distributions and other transactions**

13.6.1 The Issuer shall not, and shall procure that no other Group Company will:

- (a) grant any loans (except for loans in the ordinary course of business to unrelated third parties);
- (b) provide any guarantees or other financial assistance (except in the ordinary course of business for the benefit of unrelated third parties);
- (c) make any dividend payments;

- (d) repurchase its shares;
- (e) redeem its share capital or other restricted equity with repayment to shareholders;
- (f) repay principal or pay interest under any subordinated Financial Indebtedness permitted under Clauses 13.7.1 ((d) or ((g); or
- (g) make other distributions or transfers of value,

except in each case by a Group Company to or for the benefit of another Group Company (each a "**Restricted Payment**").

13.6.2 The restriction set out in Clause 13.6.1 shall not apply to Restricted Payments made by, or on behalf of, the Issuer in accordance with Clauses 4.4 and 5.2.

13.6.3 Notwithstanding Clause 13.6.1, a Group Company shall be entitled to give group contributions (*koncernbidrag*), provided that no cash or other funds are transferred from the Group Company as a result thereof (i.e. the group contributions are merely accounting measures) and provided that such distribution is subsequently converted into a shareholder's contribution (*aktieägartillskott*) by the Parent to the Issuer as soon as practically possible.

### **13.7 Financial indebtedness**

13.7.1 The Issuer shall not incur or allow to remain outstanding any Financial Indebtedness other than Financial Indebtedness:

- (a) incurred under the Initial Notes;
- (b) arising as a result of the issuance of any Subsequent Notes in accordance with Clause 2.4;
- (c) arising as a result of guaranteeing the obligations of its Subsidiaries;
- (d) arising under loans granted to the Issuer by the Parent, provided always that such loans are fully subordinated to the Notes to the satisfaction of the Agent, have a maturity of no less than six (6) months after the Final Maturity Date and whereby no creditor is entitled to receive payments of interest or repayments of principal prior to the maturity;
- (e) arising as a result of a refinancing of the Notes in full;
- (f) incurred under the Existing Notes, until such indebtedness has been repaid in full in accordance with Clause 5.2;
- (g) which is fully subordinated to the Notes to the satisfaction of the Agent, has a maturity of no less than six (6) months after the Final Maturity Date and whereby no creditor is entitled to receive payments of interest or repayments of principal prior to the maturity date; and
- (h) not permitted by ((a)-((g) above, provided that (i) no Event of Default is continuing or would result from the incurrence of such Financial Indebtedness and (ii) immediately following the incurrence of such Financial Indebtedness the financial covenants set out below (calculated in accordance with Clauses 13.7.2 and 13.7.3) will be met:
  - (i) the ratio of Net Debt to EBITDA (adjusted on a *pro forma* basis) is not greater than 3.25:1 and calculated in accordance with Clause 13.7.2 (as applicable); and



- (ii) the ratio of EBITDA to Net Interest Payable is not less than 2.50:1 and calculated in accordance with Clause 13.7.3 (as applicable).

13.7.2 The ratio of Net Debt to EBITDA shall be calculated as follows:

- (a) the calculation shall be made as per a testing date determined by the Issuer, falling no more than one (1) month prior to the incurrence of new Financial Indebtedness;
- (b) the figures for EBITDA set out in the latest financial statements published pursuant to Clause 12.1.1 ((a) or ((b) (including, when necessary, financial statements published before the First Issue Date) shall be used, but adjusted so that entities acquired or disposed after the end of the measurement period but before the relevant testing date will be included or excluded (as applicable) for the entire measurement period; and
- (c) the amount of Net Debt shall be measured on the relevant testing date but include the new Financial Indebtedness provided that it is an interest-bearing obligation.

13.7.3 The ratio of EBITDA to Net Interest Payable shall be calculated as follows:

- (a) the calculation shall be made for a twelve (12) months period ending on the last day of the period covered by the most recent financial statements published pursuant to Clause 12.1.1 ((a) or ((b); and
- (b) the figures for EBITDA and Net Interest Payable set out in the latest financial statements published pursuant to Clause 12.1.1 ((a) or ((b) (including, when necessary, financial statements published before the First Issue Date) shall be used for such calculation.

13.7.4 The Issuer shall procure that no other Group Company will incur or allow to remain outstanding any Financial Indebtedness other than Financial Indebtedness:

- (a) incurred under any revolving, overdraft, leasing or guarantee credit facility (including but not limited to the Credit Agreement) in an aggregate amount not exceeding SEK 225,000,000 at any time for the sole purpose of financing short term working capital needs, finance leases and guarantees;
- (b) incurred under any credit facility in an aggregate amount not exceeding SEK 20,000,000 provided that such facility is secured by way of first ranking Security over real property;
- (c) incurred by a Group Company (other than the Issuer) from another Group Company;
- (d) arising under any guarantee issued by a Group Company for the obligations of another Group Company;
- (e) arising in the ordinary course of trading with suppliers of goods with a maximum duration of one hundred eighty (180) days or under guarantee of such debt made for the benefit of such suppliers; and
- (f) not permitted by ((a)-((e) above, provided that the aggregate amount of such Financial Indebtedness does not exceed SEK 15,000,000.

### **13.8 Negative pledge**

The Issuer shall not create or allow to subsist any Security over any of its present or future assets or revenues, other than:

- (a) any Transaction Security;
- (b) any Security provided in the form of a pledge over an escrow account to which the proceeds incurred in relation to a refinancing of the Notes in full (a "Refinancing") are intended to be received;
- (c) any Security agreed to be provided for the benefit of the financing providers in relation to a Refinancing, however provided always that any perfection requirements in relation thereto are satisfied after repayment of the Notes in full;
- (d) any Security created under the Existing Notes, until such security has been released following the redemption of the outstanding notes under the Existing Notes in accordance with Clause 5.2;
- (e) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (f) any lien arising by operation of law, retention-of-title arrangements relating to prepayments or similar arrangements in the ordinary course of trading and not as a result of any default or omission by the Issuer; and
- (g) any other Security created or outstanding on or over assets provided that the aggregate outstanding principal amount secured by all Security created or outstanding under this exception on or over assets of the Issuer must not at any time exceed SEK 3,000,000.

### **13.9 Dealings with related parties**

The Issuer shall, and shall procure that each other Group Company will, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any affiliates of such direct and indirect shareholders at arm's length terms. In relation to any transaction or series of related transactions with any direct or indirect shareholder or any of their respective affiliates involving an aggregate value in excess of SEK 20,000,000, the Issuer and the Agent shall have received a written opinion from an independent financial advisor that such transaction is fair, from a financial standpoint, to the Issuer and its Subsidiaries or that the terms are not materially less favourable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a person that is not a director or indirect shareholder or an affiliate thereof. Such fairness opinion shall, in the absence of manifest error, be conclusive and binding evidence for on all parties.

### **13.10 Listing of Notes**

- 13.10.1 The Issuer shall use its best efforts to ensure that the Notes are admitted to trading or listed on a Regulated Market, within thirty (30) days after the issuance of the Initial Notes, and within ten (10) days after the issuance of any Subsequent Notes.
- 13.10.2 Following an admission to trading or listing, as the case may be, the Issuer shall use its best efforts to maintain it for as long as any Notes are outstanding, or if such admission to trading or listing is not possible to obtain or maintain, admitted to trading or listed on another Regulated Market. The Notes are however required to be admitted to trading or listed on a Regulated Market from and including the last day on which the admission reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.

**13.11 Undertakings relating to the Agency Agreement**

13.11.1 The Issuer shall, in accordance with the Agency Agreement:

- (a) pay fees to the Agent;
- (b) indemnify the Agent for costs, losses and liabilities;
- (c) furnish to the Agent all information requested by or otherwise required to be delivered to the Agent; and
- (d) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.

13.11.2 The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Noteholders if the amendment would be detrimental to the interests of the Noteholders.

**13.12 CSD related undertakings**

The Issuer shall keep the Notes affiliated with a CSD and comply with all applicable CSD Regulations.

**14. ACCELERATION OF THE NOTES**

14.1 The Agent is entitled to, and shall following a demand in writing from a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand shall, if made by several Noteholders, be made by them jointly) or following an instruction given pursuant to Clause 14.6, on behalf of the Noteholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Notes due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if:

- (a) the Issuer does not pay on the due date any amount payable by it under the Finance Documents, unless the non-payment:
  - (i) is caused by technical or administrative error; and
  - (ii) is remedied within five (5) Business Days from the due date;
- (b) the Issuer does not comply with the provisions of Clause 5 (Escrow of Proceeds);
- (c) a Listing Failure Event has occurred and is continuing six (6) months after the relevant Issue Date;
- (d) any Group Company does not comply with any of the terms of, or acts in violation of, the Finance Documents to which it is a party (other than as set out under paragraph ((a), ((b) and ((c) above), unless the non-compliance:
  - (i) is capable of remedy; and
  - (ii) is remedied within fifteen (15) Business Days of the earlier of the Agent giving notice and the relevant Group Company becoming aware of the non-compliance;
- (e) any Finance Document becomes invalid, ineffective or varied (other than in accordance with the provisions of the Finance Documents), or the Security created or expressed to be created thereby is varied or ceases to be effective and

such invalidity, ineffectiveness or variation has a detrimental effect (directly or indirectly) on the interests of the Noteholders;

- (f) any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation of any Group Company, other than a solvent liquidation or reorganisation of any Group Company, whose shares have not been pledged under a Share Pledge Agreement, other than the Issuer;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of any Group Company, other than the Noteholders; or
  - (iii) the appointment of a liquidator (other than in respect of a solvent liquidation or reorganisation of any Group Company, whose shares have not been pledged under a Share Pledge Agreement, other than the Issuer), administrator or other similar officer in respect of any Group Company or any of its assets;
- (g) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset of a Group Company, which has a value in excess of SEK 15,000,000, and is not discharged within thirty (30) Business Days or any Security over any asset of any Group Company is enforced;
- (h) any Financial Indebtedness of a Group Company is not paid when due (as extended by any originally applicable grace period), or, is declared or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), in both cases provided that the total amount of such Financial Indebtedness exceeds SEK 25,000,000 and provided that it does not apply to Financial Indebtedness owed to a Group Company;
- (i) any Group Company is, or is deemed for the purposes of any applicable law to be, Insolvent; or
- (j) the Issuer merges with any other person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity.

14.2 The Agent may not accelerate the Notes in accordance with Clause 14.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Noteholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).

14.3 The Issuer shall immediately notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Notwithstanding the aforesaid, the Issuer may postpone a notification to the Agent pursuant to this Clause 14.3 if, and no longer than as, permitted pursuant to Article 17.4 of the Market Abuse Regulation (EU) No 596/2014.

14.4 The Agent shall notify the Noteholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. Notwithstanding the aforesaid, the Agent may postpone a notification of an Event of Default up until the time stipulated in Clause 14.5 for as long as, in the reasonable opinion of the Agent, (i) disclosure of such Event of Default is likely to prejudice the legitimate interests of the Noteholders as a group, (ii) the

delay is not likely to mislead the public, and (iii) confidentiality of the information delayed can be ensured. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.

- 14.5 The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Notes shall be so accelerated. If the Agent decides not to accelerate the Notes, the Agent shall promptly seek instructions from the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*).
- 14.6 If the Noteholders instruct the Agent to accelerate the Notes, the Agent shall promptly declare the Notes due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Noteholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- 14.7 If the right to accelerate the Notes is based upon a decision of a court of law, an arbitral tribunal or a government authority, it is not necessary that the decision has become enforceable under any applicable regulation or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 14.8 In the event of an acceleration of the Notes in accordance with this Clause 14, up to, but excluding, the First Call Date the Issuer shall redeem all Notes at an amount per Note equal to one hundred (100) per cent. of the Nominal Amount, together with accrued but unpaid Interest, and thereafter, as applicable considering when the acceleration occurs, the redemption amount specified in Clause 10.3 (*Voluntary total redemption (call option)*).

## **15. DISTRIBUTION OF PROCEEDS**

- 15.1 All payments by the Issuer relating to the Notes and the Finance Documents following an acceleration of the Notes in accordance with Clause 14 (*Acceleration of the Notes*) and any proceeds received from an enforcement of the Transaction Security shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (a) first, in or towards payment pro rata of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement and the Finance Documents (other than any indemnity given for liability against the Noteholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Notes, the enforcement of the Transaction Security or the protection of the Noteholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 18.2.5, and (iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16.4.11 together with default interest in accordance with Clause 9.4 on any such amount calculated from the date it was due to be paid or reimbursed by the Issuer;
  - (b) secondly, in or towards payment pro rata of accrued but unpaid Interest under the Notes (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
  - (c) thirdly, in or towards payment pro rata of any unpaid principal under the Notes; and
  - (d) fourthly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Finance Documents, including default interest in accordance with Clause 9.4 on delayed payments of Interest and repayments of principal under the Notes.

Any excess funds after the application of proceeds in accordance with paragraphs ((a) to ((d) above shall be paid to the Issuer.

- 15.2 If a Noteholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 15.1 ((a), such Noteholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 15.1 ((a).
- 15.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes or the enforcement of the Transaction Security constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15 as soon as reasonably practicable.
- 15.4 If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least ten (10) Business Days before the payment is made. Such notice shall specify the Redemption Date and the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 8.1 shall apply and for any partial redemption in accordance with Clause 10.4 (*Voluntary and mandatory partial redemptions (call and put option)*) due but not made, the Record Date specified in Clause 10.4.3 shall apply (as applicable).

## **16. DECISIONS BY NOTEHOLDERS**

### **16.1 Request for a decision**

- 16.1.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- 16.1.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.
- 16.1.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable regulations.
- 16.1.4 The Agent shall not be responsible for the content of a notice for a Noteholders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.
- 16.1.5 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 16.1.3 being applicable, the Issuer or the Noteholder(s) requesting a decision by the Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall upon request provide the convening Noteholder(s) with the information available in the Debt Register in order to convene and hold the Noteholders' Meeting or instigate and carry out the Written Procedure, as the case may be. The Issuer or Noteholder(s), as applicable, shall supply to the Agent a copy of the dispatched notice or communication.

16.1.6 Should the Issuer want to replace the Agent, it may (i) convene a Noteholders' Meeting in accordance with Clause 16.2 (*Convening of Noteholders' Meeting*) or (ii) instigate a Written Procedure by sending communication in accordance with Clause 16.3 (*Instigation of Written Procedure*). After a request from the Noteholders pursuant to Clause 18.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 16.2 (*Convening of Noteholders' Meeting*). The Issuer shall inform the Agent before a notice for a Noteholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and supply to the Agent a copy of the dispatched notice or communication.

16.1.7 Should the Issuer or any Noteholder(s) convene a Noteholders' Meeting or instigate a Written Procedure pursuant to Clause 16.1.5 or 16.1.6, then the Agent shall no later than five (5) Business Days' prior to dispatch of such notice or communication be provided with a draft thereof. The Agent may further append information from it together with the notice or communication, provided that the Agent supplies such information to the Issuer or the Noteholder(s), as the case may be, no later than one (1) Business Day prior to the dispatch of such notice or communication.

## **16.2 Convening of Noteholders' Meeting**

16.2.1 The Agent shall convene a Noteholders' Meeting by way of notice to the Noteholders as soon as practicable and in any event no later than five (5) Business Days after receipt of a correct and complete notice from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons).

16.2.2 The notice pursuant to Clause 16.2.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Record Date on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) a form of power of attorney, and (v) the agenda for the meeting. The background and contents of each proposal as well as any applicable conditions and conditions precedent shall be specified in the notice. If a proposal concerns an amendment to any Finance Document, such proposed amendment must always be set out in detail. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.

16.2.3 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.

16.2.4 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

## **16.3 Instigation of Written Procedure**

16.3.1 The Agent shall instigate a Written Procedure by way of sending a communication to the Noteholders as soon as practicable and in any event no later than five (5) Business Days after receipt of a correct and complete communication from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons).

16.3.2 A communication pursuant to Clause 16.3.1 shall include (i) a specification of the Record Date on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (ii) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (iii) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least ten (10) Business Days and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 16.3.1). The background and contents of each

proposal as well as any applicable conditions and conditions precedent shall be specified in the notice. If a proposal concerns an amendment to any Finance Document, such proposed amendment must always be set out in detail. If the voting is to be made electronically, instructions for such voting shall be included in the communication.

- 16.3.3 If so elected by the person requesting the Written Procedure and provided that it is also disclosed in the communication pursuant to Clause 16.3.1, when consents from Noteholders representing the requisite majority of the total Adjusted Nominal Amount pursuant to Clauses 16.4.2 and 16.4.3 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.4.2 or 16.4.3, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **16.4 Majority, quorum and other provisions**

- 16.4.1 Only a Noteholder, or a person who has been provided with a power of attorney or other authorisation pursuant to Clause 7 (*Right to act on behalf of a Noteholder*) from a Noteholder:

- (a) on the Business Day specified in the notice pursuant to Clause 16.2.2, in respect of a Noteholders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 16.3.2, in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the Adjusted Nominal Amount. Each whole Note entitles to one vote and any fraction of a Note voted for by a person shall be disregarded. Such Business Day specified pursuant to paragraph (a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the notice or communication, as the case may be.

- 16.4.2 The following matters shall require the consent of Noteholders representing at least eighty (80) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3.2:

- (a) the issue of any Subsequent Note, if the total nominal amount of the Notes exceeds, or if such issue would cause the total nominal amount of the Notes to at any time exceed, SEK 800,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Notes are issued);
- (b) a change to the terms of any of Clause 2.1, and Clauses 2.5 to 2.7;
- (c) a reduction of the premium payable upon the redemption or repurchase of any Note pursuant to Clause 10 (Redemption and repurchase of the Notes);
- (d) a change to the Interest Rate or the Nominal Amount (other than as a result of an application of Clause 10.4 (Voluntary and mandatory partial redemptions (call and put option)));
- (e) a change to the terms for the distribution of proceeds set out in Clause 15 (Distribution of proceeds);
- (f) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 16.4;
- (g) a change of issuer, an extension of the tenor of the Notes or any delay of the due date for payment of any principal or interest on the Notes;



- (h) a release of the Transaction Security, except in accordance with the terms of the Finance Documents;
  - (i) a mandatory exchange of the Notes for other securities; and
  - (j) early redemption of the Notes, other than upon an acceleration of the Notes pursuant to Clause 14 (Acceleration of the Notes) or as otherwise permitted or required by these Terms and Conditions.
- 16.4.3 Any matter not covered by Clause 16.4.2 shall require the consent of Noteholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3.2. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 17.1 ((a) or ((b))), an acceleration of the Notes or the enforcement of any Transaction Security.
- 16.4.4 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16.4.2, and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
- (a) if at a Noteholders' Meeting, attend the meeting in person or by other means prescribed by the Agent pursuant to 16.4.2 (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 16.4.5 If a quorum exists for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- 16.4.6 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 16.2 (*Convening of Noteholders' Meeting*)) or initiate a second Written Procedure (in accordance with Clause 16.3 (*Instigation of Written Procedure*)), as the case may be, provided that person(s) who initiated the procedure for Noteholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of a second Noteholders' Meeting or second Written procedure pursuant to this Clause 16.4.6, the date of request of the second Noteholders' Meeting pursuant to Clause 16.2.1, or second Written Procedure pursuant to Clause 16.3.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 16.4.4 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 16.4.7 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- 16.4.8 A Noteholder holding more than one Note need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 16.4.9 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any owner of Notes (irrespective of whether such person is a Noteholder) for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.

- 16.4.10 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause the Issuer or the other Noteholders.
- 16.4.11 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 16.4.12 If a decision is to be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by Group Companies or (to the knowledge of the Issuer) Affiliates as per the Record Date for voting, irrespective of whether such person is a Noteholder. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible for determining whether a Note is owned by a Group Company or an Affiliate.
- 16.4.13 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice each person registered as a Noteholder on the date referred to in Clause 16.4.1 ((a) or ((b), as the case may be, and also be published on [www.iduna.se](http://www.iduna.se) and the website of the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

## **17. AMENDMENTS AND WAIVERS**

- 17.1 The Issuer, any other relevant Group Company, and the Agent (acting on behalf of the Noteholders) may agree in writing to amend and waive any provision in a Finance Document or any other document relating to the Notes, provided that the Agent is satisfied that such amendment or waiver:
- (a) is not detrimental to the interest of the Noteholders as a group, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (b) is required by any applicable regulation, a court ruling or a decision by a relevant authority; or
  - (c) has been duly approved by the Noteholders in accordance with Clause 16 (Decisions by Noteholders) and it has received any conditions precedent specified for the effectiveness of the approval by the Noteholders.
- 17.2 Any amendments to the Finance Documents shall be made available in the manner stipulated in Clause 12.4 (*Availability of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority. The Issuer shall promptly publish by way of press release any amendment or waiver made pursuant to Clause 17.1 ((a) or ((b), in each case setting out the amendment in reasonable detail and the date from which the amendment or waiver will be effective.
- 17.3 An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## **18. THE AGENT**

### **18.1 Appointment of the Agent**

- 18.1.1 By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, and authorises the Agent to

act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Notes held by such Noteholder, including the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer, and any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security. By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.

- 18.1.2 Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Noteholder which does not comply with such request.
- 18.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 18.1.4 The Agent is entitled to fees for all its work in such capacity and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 18.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## **18.2 Duties of the Agent**

- 18.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security pursuant to the Security Documents on behalf of the Noteholders and, where relevant, enforcing the Transaction Security on behalf of the Noteholders.
- 18.2.2 When acting pursuant to the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent is never acting as an advisor to the Noteholders or the Issuer. Any advice or opinion from the Agent does not bind the Noteholders or the Issuer.
- 18.2.3 When acting pursuant to the Finance Documents, the Agent shall carry out its duties with care and skill in a proficient and professional manner.
- 18.2.4 The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders as a group and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- 18.2.5 The Agent is always entitled to delegate its duties to other professional parties and to engage external experts when carrying out its duties as agent, without having to first obtain any consent from the Noteholders or the Issuer. The Agent shall however remain liable for any actions of such parties if such parties are performing duties of the Agent under the Finance Documents.
- 18.2.6 The Issuer shall on demand by the Agent pay all costs for external experts engaged by it (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering (A) an event or circumstance which the Agent reasonably believes is or may lead to an Event of Default or (B) a matter relating to the Issuer or the Finance Documents which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents, and (iii) in connection with any

Noteholders' Meeting or Written Procedure or (iv) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of proceeds*).

- 18.2.7 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.
- 18.2.8 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor (i) whether any Event of Default has occurred, (ii) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents, or (iii) whether any other event specified in any Finance Document has occurred. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- 18.2.9 The Agent shall review each Compliance Certificate delivered to it to determine that its form is conforming to the requirements set out in Clause 12.1.4 and as otherwise agreed between the Issuer and the Agent, and check the information contained therein against relevant Finance Documents and other documentation which pursuant to the Finance Documents has been published or supplied to the Agent pursuant to Clause 12.1 (*Information from the Issuer*). The Agent shall take any actions necessary in accordance with the Finance Documents resulting from the review of such Compliance Certificate.
- 18.2.10 The Agent shall verify that Finance Documents and other documents relating to the Finance Documents which are delivered to the Agent and executed on behalf of Swedish entities are duly authorised and executed (as applicable). For this verification, the Agent may make the assumptions customary found in Swedish legal opinions. Other than in respect of due authorisation and execution of documents executed on behalf of Swedish entities, the Agent shall neither be liable to the Issuer or the Noteholders for damage due to any documents and information delivered to the Agent not being accurate, correct and complete, unless it has actual knowledge to the contrary, nor be liable for the content, validity, perfection or enforceability of such documents.
- 18.2.11 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any regulation.
- 18.2.12 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- 18.2.13 The Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 18.2.12.

### **18.3 Liability for the Agent**

- 18.3.1 The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect or consequential loss.

- 18.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts provided to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.
- 18.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Noteholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 18.3.4 The Agent shall have no liability to the Issuer or the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with the Finance Documents.
- 18.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Finance Documents.

#### **18.4 Replacement of the Agent**

- 18.4.1 Subject to Clause 18.4.6, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 18.4.2 Subject to Clause 18.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 18.4.3 A Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.
- 18.4.4 If the Noteholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Noteholders, the Issuer shall, within thirty (30) days thereafter, appoint a successor Agent which shall be an independent financial institution or other reputable company.
- 18.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- 18.4.6 The Agent's resignation or dismissal shall only take effect upon the earlier of (i) the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent, and (ii) the period pursuant to Clause 18.4.4 (ii) having lapsed.
- 18.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations

amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.

- 18.4.8 In the event that there is a change of the Agent in accordance with this Clause 18.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **19. THE ISSUING AGENT**

- 19.1 The Issuer shall, when necessary, appoint an Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Notes. The Issuing Agent shall be a commercial bank or securities institution approved by the CSD.
- 19.2 The Issuer shall ensure that the Issuing Agent enters into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties relating to the Notes.
- 19.3 The Issuing Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Issuing Agent shall never be responsible for indirect or consequential loss.

## **20. THE CSD**

- 20.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Notes.
- 20.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Noteholder or the listing of the Notes on the Regulated Market. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Markets Act (*lag (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Accounts Act.

## **21. NO DIRECT ACTIONS BY NOTEHOLDERS**

- 21.1 A Noteholder may not take any steps whatsoever against any Group Company or with respect to the Transaction Security to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of any Group Company in relation to any of the obligations and liabilities of such Group Company under the Finance Documents. Such steps may only be taken by the Agent.
- 21.2 Clause 21.1 shall not apply if the Agent has been instructed by the Noteholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Noteholder to provide documents in accordance with Clause 18.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in

Clause 18.2.12, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 18.2.13 before a Noteholder may take any action referred to in Clause 21.1.

- 21.3 The provisions of Clause 21.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due to it under Clause 10.5.3 (*Mandatory Repurchase due to a Change of Control Event or a Listing Failure Event*) or other payments which are due by the Issuer to some but not all Noteholders.

## **22. PRESCRIPTION**

- 22.1 The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been prescribed and has become void.

- 22.2 If a limitation period is duly interrupted in accordance with the Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Act on Limitations.

## **23. COMMUNICATIONS AND PRESS RELEASES**

### **23.1 Communications**

- 23.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Bolagsverket) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;
  - (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
  - (c) if to the Noteholders, shall be given at their addresses as registered with the CSD, on a date selected by the sending person which falls no more than five (5) Business Days prior to the date on which the notice or communication is sent, and by either courier delivery (if practically possible) or letter for all Noteholders. A Notice to the Noteholders shall also be published on the website of the Issuer and on the website of the Agent.
- 23.1.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Agent, by email, and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1.1, or, in case of email, when received in readable form by the email recipient.
- 23.1.3 Any notice or other communication pursuant to the Finance Documents shall be in English. However, financial reports published pursuant to Clauses 12.1.1 ((a) and ((b) may be in Swedish or English.

23.1.4 Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

## **23.2 Press releases**

23.2.1 Any notice that the Issuer or the Agent shall send to the Noteholders pursuant to Clauses 10.3 (*Voluntary total redemption (call option)*), 10.4 (*Voluntary and mandatory partial redemptions (call and put option)*), 10.5 (*Early redemption due to illegality*), 12.1.2, 14.3, 16.2.1, 16.3.1, 16.4.13 and 17.2 shall also be published by way of press release by the Issuer or the Agent, as applicable.

23.2.2 In addition to Clause 23.2.1, if any information relating to the Notes or the Group contained in a notice the Agent may send to the Noteholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Noteholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Noteholders, the Agent shall be entitled to issue such press release.

## **24. FORCE MAJEURE**

24.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.

24.2 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

24.3 The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## **25. GOVERNING LAW AND JURISDICTION**

25.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.

25.2 The Issuer submits to the non-exclusive jurisdiction of the District Court of Stockholm (*Stockholms tingsrätt*).

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