

# **Legres AB (publ)**

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Prospectus relating to the listing of  
SEK 550,000,000 Senior Secured Callable  
Floating Rate Bonds due 9 July 2022

ISIN: SE0012729010

Prospectus dated 21 August 2019

**Skandinaviska Enskilda Banken**

as Bookrunner and Issuing Agent

## Important Notice:

This prospectus (the "**Prospectus**") has been prepared by Legres AB (publ) (the "**Issuer**", or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address, Box 26134, 100 41 Stockholm, with reg. no. 559085-4773, in relation to the application for the listing of the senior secured callable floating rate bonds denominated in SEK (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). Skandinaviska Enskilda Banken AB (publ) has acted as bookrunner in connection with the issue of the Bonds (the "**Bookrunner**"). This Prospectus has been prepared in accordance with the standards and requirements under the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**") and the rules and regulations connected thereto, as applicable. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (fi.se) and the Issuer's website (sergel.com).

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 37 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

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. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**EUR**" refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, references to "**SEK**" refer to Swedish krona.

Investing in bonds is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Bonds, (ii) the merits and risks of investing in the Bonds, and (iii) the information contained or incorporated by reference in the Prospectus or any supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in the Bonds and the impact that such investment will have on the investor's overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- (d) understand thoroughly the Terms and Conditions and the other Finance Documents and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on the corporate bond list on Nasdaq Stockholm. This Prospectus may not be distributed in or into any country where such distribution or disposal would require any additional prospectus, registration or additional measures or contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States to purchasers who are not, or are not purchasing for the account of, U.S. persons in reliance upon Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

The offering is not made in any other country where the offering, sale and delivery of the Bonds may be restricted by law. This Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Company's management or are assumptions based on information available to the Group. The words "considers", "intends", "deems", "expects", "anticipates", "plans" and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Although the Company believes that the forecasts of, or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting the Group's operations. Such factors of a significant nature are mentioned in the section "**Riskfactors**" below. This Prospectus shall be read together with all documents that are incorporated by reference, see subsection "**Documents incorporated by reference**" under section "**Other information**" below, and possible supplements to this Prospectus.

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## **Risk Factors**

*In this section, risk factors which are specific to the Issuer and/or the Bonds, and which the Issuer deems to be material for making a decision to invest in the Bonds, are presented. In each category the most material risks, in the assessment of the Issuer, taking into account the negative impact on the Issuer and the Bonds, and the probability of their occurrence, is presented first.*

### **Group and market specific risks**

#### ***Risks related to the issuer's business activities and industry***

##### **Risk of termination and claims in relation to material customer agreements**

The Group has entered into five customer agreements from which a significant part of the Group's revenue derives. Some of the relevant agreements may be terminated subject to six (6) months' notice and have expiration dates in the near future and change of control provisions.

Most notably, the Group is dependent on its relationship with Telia Company AB's and its affiliates ("Telia") from which a substantial part of the Group's revenue is generated. A Master Agreement ("MA") has been entered into between Telia Company AB and entities within the Group entered into in June 2017, pursuant to which Telia has given the Group exclusivity, or a right of first refusal, to provide certain services (e.g. debt collection) and the Group has undertaken to these services to Telia, in accordance with the terms and conditions set out in the MA. Unless terminated by the Group or Telia, each commercial agreement subject to the MA, aside from some of the service agreements, will be prolonged by one year at a time. In addition to the MA, the two parties have outlined further documents stipulating how the current collaboration will develop in the future. In 2018, 59.1 per cent. of the Group's sales were generated from Telia, and in the first quarter 2019, 58.8 per cent. of the Group's sales were generated from Telia.

Thus, the Group is dependent on its relationship with Telia to continue to generate profits at its current level. Should a material customer's, such as Telia, demand for the Group's services decrease, it will have a highly significant adverse effect on the Group's operating results and financial position. Further, if material customer agreements, such as Telia, would be terminated or expire without being renewed, the revenue from such customers will cease. It is uncertain whether material customers, such as Telia, will terminate their agreements and/or if the Group will be successful in renegotiating such agreements, but if such an event would occur, it presents a highly significant risk to the Group's earnings.

##### **Risks relating to strategy and business expansion**

Business expansion, mainly by developing new services to offer on the Nordic market, where the Group currently operates, is part of the Group's strategy. The Group currently looks to expand and/or develop its services in relation to E-commerce financing, checkout solutions, invoicing services, accounts receivable, and artificial intelligence. During 2018-2021, the Group estimates that it will invest a total of SEK 6,000,000 in such business expansion.

It is uncertain whether the Group has or will miscalculate the relevant markets' demand for new products and services in which it has made significant investments. If the risk materializes there is a

highly significant risk that the Group will lose such investment. Between 2018-2021, the investment the Group may lose is approximately SEK 6,000,000. It is uncertain whether the investment will generate the desired result, and this risk presents a medium risk to the Group's future financial condition and results of operations.

### Risks related to IT infrastructure

The Group depends on information technology to manage critical business processes. The Group is currently in the process of implementation of a new group-wide IT-platform, Sergel House, initiated in 2018. The implementation of the new IT-system commenced during 2018 and will continue throughout 2020. There is a risk, which the Group considers to be medium at a qualitative scale, for downtime of network servers or other disruptions or failure due to the implementation of the new system which, during 2019 and 2020, may cause transaction errors and loss of customers.

Further, the Group relies on Telia's IT-system to obtain information regarding Telia's clients. Consequently, a disruption in Telia's IT-system may adversely affect the Group's operations. Although it is uncertain whether such disruption will occur, there is a risk of disruption in Telia's IT-system which may impact the Group's operations adversely since it may complicate the gathering of information regarding Telia's clients. The Group considers the potential adverse impact on its operation to be medium at a qualitative scale, since it will most likely be temporary.

### Key personnel

The Group is dependent upon a few key employees that have developed the current efficient day-to-day operations and that have valuable insight and experience with the Group's business systems. Such employees are, and will continue to be, significant for the successful implementation of the Group's new IT-system (the new group-wide IT-platform "Sergel House"). The implementation of the new IT-system commenced during 2018 and will continue throughout 2020. Although it is uncertain if it will occur, there is a risk, which the Group considers to be medium at a qualitative scale, that a key employee or key employees will leave the Group before the new IT-system is implemented, or that they will take up employment with a competing business. The key employees at management level, have a notice period of six (6) months. If this risk materializes, and until the Group has been able to replace the employee in question, it will have a negative effect on the Group's implementation of the new IT-systems.

### Related party arrangements

The Group is, and may in the future be, engaged in business arrangements with related parties. Such arrangements currently mainly consist of service agreements which the Sergel Entities (as defined in the Terms and Conditions) and subsidiaries of Marginalen Bank entered into in 2017 (the "**MB Service Agreements**"). Under the MB Service Agreements, the Sergel Entities will provide services to subsidiaries of Marginalen Bank in respect of debt portfolios acquired by Marginalen Bank and/or its subsidiaries. A significant part of the Sergel Entities business originates from these Service Agreement. Pursuant to the Terms and Conditions, the MB Service Agreements may not be materially amended within one year from the issue date of the Bonds and may not be terminated before the Bonds have been repaid in full. Although it is uncertain whether the MB Service Agreements will be amended during the tenor of the Bonds and/or if the MB Service Agreements will be materially amended (*e.g.*, in respect of the fee levels) from one year after the issue date of the Bonds it presents a risk, which the Group considers to be of low significance at a qualitative scale, that such amendments, depending on the nature thereof, would be disadvantageous to the Issuer.

## **Counterparty risk**

Counterparty risk is the risk that the counterparty of a contract will not live up to its contractual obligations. The Group is exposed to a counterparty risk in all of its contracts. However, as described in the risk factor “*Risk of termination and claims in relation to material customer agreements*” a significant share of the Group’s revenue is generated from a few, material customers, such as Telia (from which 58.8 per cent. of the Group’s sales were generated in the first quarter 2019), on which the Group is dependent. There is a risk, which the Group considers to be of low significance, that any of the Group’s material customers’ – such as Telia – financial position deteriorate and that they will not be able to meet their payment obligations under the customer agreements, which will have a highly significant impact on the Group’s earnings since it will diminish the Group’s possibilities to be compensated under the agreement.

## **Legal and regulatory risk**

### **Regulatory risk**

The Group's operations are subject to legislation, rules, guidance, codes of conduct and government policies in the jurisdictions in which it conducts business. The most significant legislation applicable to the Group's operations are the Swedish Debt Recovery Act, the Swedish Credit Information Act (or corresponding acts within the Nordic jurisdiction), the General Data Protection Regulation (EU) (“**GDPR**”), and, as regards Finland, the Finnish Act on Preventing Money Laundering and Terrorist Financing. The entities within the Group are under the supervision of the Data Protection Authority in each country of operation, and the Group relies on a good relationship with such authorities. The Group operate within a personal data intensive industry and the most important risk is related to handling of personal data and compliance, in all aspects, with GDPR. Since the GDPR quite was recently adopted, there is a medium level risk that the Group has failed to adapt its operations in accordance with the requirements set out in the GDPR. As a result, there is a risk that the Group will be incurred significant fees for violation of the GDPR. For severe violations of the GDPR, the fine framework can be up to 20,000,000 euros, or in the case of an undertaking, up to 4 % of the total global turnover of the preceding fiscal year, whichever is higher. For less severe violations of the GDPR, the fines amount to up to 10,000,000 euros, or, in the case of an undertaking, up to 2 % of the entire global turnover of the preceding fiscal year, whichever is higher.

Moreover, the Bonds have a floating rate structure on 3-month STIBOR plus a margin of six (6) per cent. annually. The process for determining LIBOR, EURIBOR, STIBOR and other interest rate benchmarks (“**Benchmarks**”) is subject to a number of regulatory reforms, some of which have already been implemented and some of which are currently in progress. The most comprehensive initiative on this area is the Benchmarks Regulation (Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds) (the “**BMR**”) which came into force on 1 January 2018 and regulates the provision of Benchmarks, the contribution of input data to Benchmarks and the use of Benchmarks within the EU. There is a risk, which the Group considers to be of low significance, for increased administrative requirements and that the regulatory risks associated therewith could lead to participants no longer wanting to participate in the determination of Benchmarks, or that certain Benchmarks are discontinued. If this were to occur in relation to a Benchmark applicable to any Bonds, it could have a negative impact on the Bondholders.

## ***Risks related to the issuer's financial situation***

### **Risk regarding availability of capital**

Future availability of capital is important with regard to business growth potential and if sufficient capital is not available, corrective actions must be initiated. Also, the availability of capital is important in order for the Group to fulfil its commitments when due.

The Group's current financing mainly consists of the Bonds (maturing 9 July 2022). The Issuer also has subordinated debt in the form of a shareholder loan amounting to approximately SEK 230,000,000 (including incurred and unpaid interest), in as the date if this Prospectus. According to the Group's policy on dividends, the Issuer may collect dividends corresponding to 50 per cent. of its subsidiaries profits.

As the Group finances its activities to a large extent with external capital, the Group depends on the ability to refinance these loans in the future. The degree to which capital will be available to the Issuer in the future is uncertain, and the Group considers that there is a medium significant risk that the Group will not be able to raise the capital needed or that it will become able to fulfil its commitments only by borrowing the cash and cash equivalents it needs in order to fulfil its commitments, at a significantly higher cost.

The realisation of any of the aforementioned risks will adversely affect the Group's financial position and the bondholder's possibility to receive payment under the Terms and Conditions will be reduced.

### **The Issuer is dependent on the Sergel Entities**

The Issuer is a holding company and holds no significant assets. Accordingly, the Issuer is highly dependent upon receipt of sufficient income related to the operation of and the ownership in the Sergel Entities to enable it to make payments under the Bonds. The entities of the Sergel Entities are legally separate and distinct from the Issuer and will have no obligations to pay amounts due with respect to the Issuer's obligations and commitments, including the Bonds, or to make funds available for such payments. The ability of the Sergel Entities to make such payments to the Issuer is subject to, among other things, the availability of funds, corporate restrictions and the terms of each operation's indebtedness. Although it is uncertain, there is a risk, which the Group considers to be of medium significant risk, that the Issuer not receive sufficient income from the Sergel Entities, in which case the bondholder's ability to receive payment under the Terms and Conditions will be significantly adversely affected.

### **Interest rate risk**

Interest rate risk is the risk that the Group's current and future net interest deteriorates due to adverse changes in interest rates. The market interest rate may be subject to significant fluctuations. The degree to which such interest rates may vary is uncertain and presents a medium level risk to the Group's financial position. The main interest risk which the Group is exposed to is the risk that its financial charges rises as a result of an increased market rate including STIBOR, and in turn, that the interest for the Bonds (in the total aggregate nominal amount of SEK 550,000,000) increase. A deterioration of the Group's net interest due to unfavourable changes in interest rates will have a material adverse effect on the Group's financial charges. The Group estimate that an increase of one (1) per cent. of the market interest during 2018, would have adversely affected the Group's result for 2018 with SEK – 4,900,000 and that the effect on the Group's equity (as per 31 December 2018) would have been SEK – 3,800,000.

## Currency risk

Currency risk is the risk that the Group will suffer losses due to adverse changes in exchange rates. Currency risk also involves the risk that the estimated fair value of, or future cash flows from, a financial instrument fluctuate because of changes in currency exchange rates. Since the Issuer's subsidiaries operated in Denmark, Norway and Finland, the Issuer is exposed to a currency risk mainly from Euro (EUR), Norwegian Krone (NOK) and Danish Krone (DKK).

The relevant currencies value may be subject to significant fluctuations in exchange rates. The degree to which such exchange rates may vary, is uncertain and presents a low-level risk to the Group's results of operations. The Group's currency risk mainly arises from intra group transactions, recognised assets and liabilities and net investments of foreign operations. Adverse changes in exchange rates will have a material adverse effect on the Group's results of when the different operations are to be consolidated in SEK.

The below table shows the Group's estimate on the effects that changes in the relevant exchange rates of +/-10 per cent. during 2018, would have affected the Group's result for 2018, and equity per 31 December 2018.

<b>Changes in exchange rates</b>	<b>2018 (12 months) - Effects on operating result (in SEK)</b>	<b>2018-12-31 - Effects on equity (in SEK)</b>
<b>EUR +10 %</b>	4,400,000	3,400,000
<b>EUR -10 %</b>	-4,400,000	-3,400,000
<b>NOK +10 %</b>	3,700,000	2,900,000
<b>NOK -10 %</b>	-3,700,000	-2,900,000
<b>DKK +10 %</b>	1,500,000	1,200,000
<b>DKK -10 %</b>	-1,500,000	-1,200,000

## Risks relating to the Bonds

### ***Risks relating to the Group's failure to comply with the Terms and Conditions or service debts under the Bonds***

#### **Credit risk towards the Group**

Bondholders carry a credit risk relating to the Issuer and the Group. The bondholder's ability to receive payment under the Bonds is therefore dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations (the Group's gross profit amounted to approximately SEK 285,000,000 the financial year 2018) and its financial position and also, the availability of capital (please refer to the risk factor "Risk regarding

*availability of capital*" for more details). There is a highly significant risk that the Group's financial position is affected by several factors, some of which are outside of the Group's control, which have been mentioned above.

An increased credit risk is likely to cause the market to charge the Bonds a higher risk premium, which can affect the Bonds' value negatively.

### **Refinancing risk**

There is a highly significant risk that the Group may be required to refinance certain or all of its outstanding debt, including the Bonds.

As described above, the Group's current financing mainly consists of the Bonds with a total aggregate nominal amount of SEK 550,000,000 (maturing 2022). The Issuer also has subordinated debt in the form of a shareholder loan amounting to approximately SEK 230,000,000 (including incurred and unpaid interest) as the date of this Prospectus.

The Group's ability to successfully refinance its debts, including the Bonds, is dependent on the conditions of the debt capital markets and its financial condition at such time. Even if the debt capital markets improve, there is a medium level risk that the Group's access to financing sources will not be available on favourable terms, or at all. The Group's inability to refinance its debt obligations on favourable terms, or at all, will have a significant material adverse effect on the Group's financial condition and on the bondholders' recovery under the Bonds.

### **Ability to service debt under the Bonds**

The Issuer's ability to service its debt under the Bonds will depend upon, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors which have been mentioned above or which are outside of the Issuer's control. It should be noted that the Group's Net Interest Bearing Debt to EBITDA (as defined in and calculated in accordance with the Terms and Conditions), for the financial year 2018, was 1.92.

It is uncertain whether the Group's operating income, will be sufficient to service its current or future indebtedness. If the Group's operating income will not be sufficient to service its current or future indebtedness, there is a highly significant risk that the Group will be forced to take actions such as reducing or delaying its business activities, make acquisitions, investments or capital expenditures, sell assets, or restructure or refinance its debt and/or seek additional equity capital, and that the Group will not be able to affect any of these remedies on satisfactory terms, or at all.

### ***Risks relating to the value of the Bonds and the bond market***

#### **Liquidity risks**

Even if the Bonds are admitted to trading on a regulated market, active trading in such securities does not always occur, in general, trading volumes may be low in respect of securities, such as the Bonds, with a nominal value of SEK 1,250,000. Hence there is a medium significant risk that a liquid market for trading in the Bonds will not exist or is maintained even if the Bonds are listed. This can result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market will have a negative impact on the market value of the Bonds.

## **Risk related to the Bonds floating rate structure**

The Bonds' value depends on several factors, one of the most significant overtime being the level of market interest. The market interest may be subject to significant fluctuations. The degree to which such interest rates may vary is uncertain and presents highly significant risk to the value of the Bonds. The Bonds have a floating rate structure on 3-month STIBOR plus a margin of six (6) per cent. annually and the interest rate of the Bonds will be determined two business days prior to the first day of each interest period. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. There is a high risk that an increase of the general interest rate level will adversely affect the value of the Bonds. The general interest rate level is to a high degree affected by the Swedish and the international financial development and is outside the Group's control.

Further, the process for determining STIBOR is subject to a relatively new EU-regulation; the BMR (for further details, please refer to the risk factor "*Regulatory risk*"). The effects of the BMR cannot be fully assessed. Although the effects currently are uncertain, the Group considers that there is highly significant risk that the BMR may affect the determination and development of STIBOR which, in turn, could lead to an increased volatility in relation to STIBOR, and thus, in relation to interest rate of the Bonds.

## **Risk related to listing of the Bonds**

The Issuer intends to apply for listing of the Bonds on Nasdaq Stockholm and shall ensure that the Initial Bonds are listed on the relevant list of an MTF within 60 days after the First Issue Date (unless listed on Nasdaq Stockholm on or prior to such date). However, the Issuer is dependent upon the relevant MTF's and/or Nasdaq Stockholm's approval (as applicable) to be able to list the Bonds. Thus, there is a risk, which the Group considers to be of low significance, that the Bonds will not be admitted to trading in time, or at all. If the Issuer fails to procure listing in time, and such listing failure is not waived by the bondholders in accordance with the Terms and Conditions, each Bondholder have the right to request that all, or some only, of its Bonds shall be repurchased. If the Issuer fails to procure listing in time, bondholders holding Bonds on an investment savings account (Sw. *ISK/Investeringssparkonto*) will no longer be able to hold the Bonds on such account, thus affecting such bondholder's tax situation. If the Issuer fails to procure listing in time, or at all, there is a high risk that a liquid market for trading in the Bonds will not exist.

## ***Risks relating to the transaction security***

### **Insolvency of subsidiaries and structural subordination**

In the event of insolvency, liquidation or a similar event relating to one of the Issuer's subsidiaries, due to structural subordination, all creditors of such subsidiary will be entitled to payment in full out of the assets of such company before the Issuer, as a shareholder will be entitled to any payments. The Issuer and its assets will not be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise. As a result, in the event of insolvency, liquidation or a similar event relating to one of the Issuer's subsidiaries, there is a highly significant risk that the Issuer will not receive any payment from the relevant subsidiary.

Further, the Group operates in various jurisdictions and in the event of bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceedings involving the Issuer or any of its subsidiaries, bankruptcy laws other than those of Sweden could apply. The outcome of insolvency proceedings in foreign jurisdictions is difficult to predict and can therefore have a highly significant adverse effect on the potential recovery in such proceedings.

## **Risks relating to the enforcement of the transaction security**

If the subsidiaries whose shares are pledged in favour of the bondholders are subject to any foreclosure, dissolution, winding-up, liquidation, recapitalization, administrative or other bankruptcy or insolvency proceedings, there is a highly significant risk that the shares in such subsidiaries will have limited value because all of the subsidiaries' obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the bondholders. As a result, there is a highly significant risk that the bondholders will not recover full or any value in the case of an enforcement sale of such pledged shares. In addition, there is a medium significant risk that the value of the shares subject to the pledge will decline overtime.

### **Risk that the security assets will be insufficient to satisfy all amounts owed to the bondholders**

Although the Group's obligations towards the bondholders under the Bonds are secured, there is a risk, which the Group considers to be of medium level at a qualitative scale, that the proceeds of any enforcement sale of the security assets will be insufficient to satisfy all amounts then owed to the bondholders. If the risk materializes, the bondholders will only have an unsecured claim against the remaining assets (if any) of the Issuer, for the amounts which remain outstanding under or in respect of the Bonds. In such an event, there is a highly significant risk that the bondholders will not recover full or any value under the Bonds. Furthermore, if the Issuer issues Subsequent Bonds or any additional bonds, there is a risk that the security position of the current bondholders will be impaired.

Applicable law can require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party or the security provider. Thus, the enforceability of the transaction security is subject to a certain degree of uncertainty. There is a risk, which the Group considers to be of low level at a qualitative scale, that transaction security granted to secure the Bonds will be unenforceable or enforcement of the security may be delayed according to Swedish law or any other applicable laws.

There is a risk, which the Group considers to be of medium level at a qualitative scale, that the transaction security will not be perfected if the Agent or the relevant security provider is not able to or does not take the actions necessary to perfect or maintain the perfection of any such security. Such failure can result in the invalidity of the relevant transaction security or adversely affect the priority of such security interest in favour of third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same transaction security.

If the Issuer were to be unable to make repayment under the Bonds and a court was to render a judgment that the security granted in respect of the Bonds was unenforceable, there is a highly significant risk that the bondholders will find it difficult or impossible to recover the amounts owed to them under the Bonds. Therefore, there is a significant risk that the security granted in respect of the Bonds will be ineffective in respect of any of the Issuer's obligations under the Bonds in the event the Issuer becomes insolvent. In addition, any enforcement can be delayed due to any inability to sell the security assets in a timely and efficient manner.

## ***Risks related to certain limitations of the Bondholders' rights***

### **Risks related to early redemptions and put options**

Under the Terms and Conditions, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the bondholders have the right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions. However, there is a highly significant risk that

the market value of the Bonds is higher than the early redemption amount and that it will not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and will only be able to do so at a significantly lower rate.

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put option) if (i) an event or series of events occur whereby any person, other than the Owner, acquires control over the Issuer and where "control" means controlling, directly or indirectly, more than 50 percent of the voting shares of the Issuer, or the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer, (ii) if the Issuer fails to procure listing of the Initial Bonds on the relevant list of an MTF within 60 days after the First Issue Date (unless listed on Nasdaq Stockholm on or prior to such date), (iii) if the Issuer fails to ensure that any Subsequent Bonds are listed on the relevant list on such MFT within 60 days after the relevant issue date, or (iv) if the Issuer fails to ensure that any Subsequent Bonds are listed on the corporate bond list on Nasdaq Stockholm within 60 days after the relevant issue date.

Since the Group's current financing mainly consists of the Bonds, there is however, a risk, which the Group considers to be of medium level at a qualitative scale, that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds and that such lack of funds will adversely affect the Issuer, *e.g.*, by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

#### **No action against the Issuer and bondholders' representation**

In accordance with the Terms and Conditions, the Agent will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and can therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action.

However, the possibility that a bondholder, in certain situations, can bring its own action against the Issuer (in breach of the Terms and Conditions) cannot be ruled out, which will negatively impact an acceleration of the Bonds or other action against the Issuer.

Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, there is a highly significant risk that the actions of the Agent in such matters will impact a bondholder's rights under the Terms and Conditions in a manner that will be undesirable for some of the bondholders.

## The Bonds in Brief

The following summary contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, see the Terms and Conditions.

<b>Issuer</b>	Legres AB (publ).
<b>Bonds Offered</b>	Senior secured floating rate bonds due 9 July 2022 (3 years after the First Issue Date). At the date of this Prospectus, an initial amount of Bonds of SEK 550,000,000 had been issued.
<b>ISIN</b>	SE0012729010
<b>First Issue Date</b>	9 July 2019
<b>Issue Price</b>	100 per cent.
<b>Interest Rates</b>	Interest on the Bonds will be paid at a floating rate of three month STIBOR plus a margin of six (6) per cent, per annum (for a historic development of STIBOR, please see <a href="http://riksbank.se/en/interest-and-exchange-rates/search-interest-rates-exchange-rates/">riksbank.se/en/interest-and-exchange-rates/search-interest-rates-exchange-rates/</a> ).
<b>STIBOR</b>	STIBOR (Stockholm Interbank Offered Rate) is a reference rate that shows an average of the interest rates at which a number of banks active on the Swedish money market are willing to lend to one another without collateral at different maturities. Financial Benchmarks Sweden AB assumes overall responsibility and is the principal for STIBOR.
<b>Interest Payment Dates</b>	9 January, 9 April, 9 July and 9 October of each year commencing on 9 October 2019. Interest will accrue from (but excluding) the First Issue Date.
<b>Nominal Amount</b>	The initial nominal amount of each Bond is SEK 1,250,000.
<b>Status of the Bonds</b>	The Bonds are denominated in Swedish Kronor and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.
The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer, and:	
<ul style="list-style-type: none"><li>• shall at all times rank at least <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them;</li><li>• are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a</li></ul>	

Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.

See Clause 2 (*Status of the Bonds*) of the Terms and Conditions for further details.

**Security**

The Bonds are secured by security interests granted on an equal and rateable first-priority basis over the shares in Legres AB (publ) and the shares in each Sergel Entity together with other assets of the Group. See the definition of "**Security Documents**" in Clause 1.1 (*Definitions*) of the Terms and Conditions.

**Call Option**

The Issuer has the right to redeem outstanding Bonds in full at any time at the applicable Call Option Amount in accordance with Clause 9.3 (*Voluntary total redemption (call option)*) of the Terms and Conditions.

The Issuer has the right to partially redeem outstanding Bonds on one occasion each calendar year in accordance with Clause 9.4 (*Voluntary Partial Redemption*) of the Terms and Conditions.

**Call Option Amount**

Call Option Amount means:

- (a) 106.00 per cent. of the Outstanding Nominal Amount if the Call Option is exercised on or after, and including, the First Issue Date to, but not including, the First Call Date, together with (i) the remaining interest payments, calculated as set forth under the definition of "**Call Option Amount**" in Clause 1.1 (Definitions) of the Terms and Conditions and (ii) accrued but unpaid Interest.
- (b) 103.00 per cent. of the Outstanding Nominal Amount, if the Call Option is exercised on or after the First Call Date to, but not including, the date falling 30 months after the First Issue Date, together with accrued but unpaid Interest;
- (c) 101.50 per cent. of the Outstanding Nominal Amount, if the Call Option is exercised on or after the date falling 30 months after the First Issue Date to, but not including, the Final Maturity Date, together with accrued but unpaid Interest; and
- (d) notwithstanding paragraph (c) above, provided that the redemption is financed to more than 50 % by way of one or several Market Loan issues, at any time from and including the date falling 3 months before the Final Maturity Date to, but excluding, the Final Maturity Date, at an amount equal to 100 % of the Outstanding Nominal Amount together with accrued but unpaid Interest.

**First Call Date**

Means the date falling 24 months after the First Issue Date.

**Final Maturity Date**

Means 9 July 2022.

**Change of Control Event**

Means the occurrence of an event or series of events whereby any person, other than the Owner, acquires control over the Issuer and where "control" means: (i) controlling, directly or indirectly, more

than 50% of the voting shares of the Issuer; or (ii) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

#### **Change of Control**

Upon a Change of Control Event occurring that has not been waived by the Bondholders in accordance with these Terms and Conditions, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount (plus accrued and unpaid interest) during a period of sixty (60) days following a notice from the Issuer of the Change of Control Event.

#### **Certain Covenants**

The Terms and Conditions contain a number of covenants which restrict the ability of the Issuer and other Group Companies, including, inter alia:

- restrictions on making changes to the nature of their business;
- a negative pledge, restricting the granting of security for Financial Indebtedness (as defined in the Terms and Conditions);
- restrictions on the incurrence of Financial Indebtedness (as defined in the Terms and Conditions); and
- limitations on the making of distributions and disposal of assets.

The Terms and Conditions contain a maintenance test which is satisfied if:

- the Interest Coverage Ratio exceeds 2.50x;
- the Net Interest Bearing Debt to EBITDA is not greater than 3.75x; and
- Issuer's Cash and Cash Equivalents amounts to at least SEK 20,000,000.

Each of these covenants is subject to significant exceptions and qualifications, see the Terms and Conditions.

#### **Use of Proceeds**

The transaction cost for listing of the Bonds is expected to amount to approximately SEK 540 000. Consequently, the remaining proceeds from the bond issue, is expected to be approximatley SEK 549 460 000. The purpose of the Bond Issue is to, (i) refinance the existing bonds issued by the Company (including Transaction Costs), and (ii) finance general corporate purposes.

#### **Transfer Restrictions**

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

#### **Listing**

The Issuer shall (in respect of the Initial Bonds):

- (i) use its best efforts to ensure that the Initial Bonds are listed at the relevant list of an MTF no later than 30 days after the First Issue Date;
- (ii) ensure that the Initial Bonds are listed on the relevant list of an MTF within 60 days after the First Issue

	Date (unless listed on Nasdaq Stockholm on or prior to such date); and
(iii)	ensure that the Initial Bonds are listed on Nasdaq Stockholm within 6 months after the First Issue Date (with a consequential, de-listing on the relevant MTF).
<b>Agent</b>	Means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or another party replacing it, as Agent, in accordance with the Terms and Conditions.
<b>Security Agent</b>	Means Nordic Trustee & Agency AB (publ) holding the Transaction Security on behalf of the Secured Parties.
<b>Issuing Agent</b>	Means Skandinaviska Enskilda Banken AB (publ), or another party replacing it, as Issuing Agent, in accordance with the Terms and Conditions.
<b>Governing Law of the Bonds</b>	Swedish law.
<b>Risk Factors</b>	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

## **Statement of Responsibility**

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 28 May 2019. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq Stockholm, in accordance with the Prospectus Regulation.

The Issuer is responsible for the information given in this Prospectus. The Issuer is the source of all company specific data contained in this Prospectus and neither the Bookrunner nor any of representatives have conducted any efforts to confirm or verify the information supplied by the Issuer. The Issuer confirms that, the information contained in this Prospectus, including the registration document and the securities note, is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omissions likely to affect its import. There is no information in this Prospectus that has been provided by a third party. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus, including the registration document and the securities note, is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Prospectus has been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) as competent authority under Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the securities.

21 August 2019

Legres AB (publ)

The board of directors

## Description of Material Agreement

The following is a summary of the material agreements to which the Issuer and/or a Group company is a party and considered as outside of the ordinary course of business, and which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to bondholders in respect of the Bonds. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

### Subordination Agreement

Legres Holding AB and the Issuer have entered into a subordination agreement with the Security Agent dated 30 June 2017 (the "**Subordination Agreement**"). Legres Holding AB has, as per the date of this Prospectus, granted shareholder loans to the Issuer in an amount of SEK 230,000,000 (including incurred and unpaid interest). In addition, Legres Holding AB may grant further shareholder loans to the Issuer in the future.

In accordance with the Subordination Agreement, the Secured Parties (as defined in the Terms and Conditions) and Legres Holding AB have agreed that their respective claims against the Issuer shall rank in the following order of priority:

- (a) first, the Senior Debt (as defined in the Subordination Agreement); and
- (b) second, the Shareholder Debt (as defined in the Subordination Agreement).

### Service Agreements

Separate service agreements have been entered into between Sergel Finans AB, Sergel Finans AS and Sergel Finans Oy (jointly referred to as the "**Customers**") and the Suppliers (as defined above), dated 30 June 2017 (the "**Service Agreements**"), pursuant to which the Suppliers have agreed to provide the Customers with certain credit management services (e.g. collection services, financial control and accounting support and related services) in accordance with the terms and conditions set out in each Service Agreement.

### Agreements with Telia

A Master Agreement ("MA") has been entered into between Telia Company AB and entities within the Group, dated 30 June 2017, pursuant to which Telia has given the Group exclusivity, or a right of first refusal, to provide certain services to Telia, in accordance with the terms and conditions set out in the MA. Unless terminated by the Group or Telia, each commercial agreement subject to the MA will be prolonged by one year at a time. In addition to the MA, the Telia and the Group have outlined further documents stipulating how the current collaboration will develop in the future.

## Description of the Group

### History and Development

A brief description of the Group's history and development is accounted for below.

1987	Sergel is founded in Sweden as Televerket's in-house collection company.
1996	Sergel broadens its offering of credit management services.
2006	Expansion to Finland.
2007	Sergel acquires Moneto Kapital in Norway.
2010	Strategic decision that Sergel Sweden should focus on providing CMS to Telia Company.
2012	Strategic route in Sweden revised to serving the external market.
2014	Expansion to Denmark.
2017	Divestment of Sergel from Telia Company to Marginalen.
2018	Successful separation from Telia and implementation of Sergel House in Sweden initiated.
2019	Focus on becoming a pan-Nordic player with comprehensive offering.

The legal name of the Issuer is Legres AB (publ) and its commercial name is Legres.. The Issuer, was incorporated on 6 October 2016 and is a Swedish public limited liability company operating under the laws of Sweden with reg. no. 559085-4773. The registered office of the Company is Box 26134, 100 41 Stockholm and the Company's headquarters is located at Adolf Fredriks kyrkogata 8, 111 37 Stockholm, with telephone number 010-495 10 00. The Issuer's Legal Entity Identifier (LEI) code is: 5493004FBCZN6ATKYD40.

In accordance with the current articles of association of the Company, adopted on 27 April 2017, the object of the Company is to serve as holding company for a group of companies conducting invoice services, credit reports, debt collection, legal business and other activities related thereto, in Sweden as-well as abroad. Since the Issuer is a holding company and holds no significant assets, the Issuer is highly dependent upon receipt of sufficient income related to the operation of and the ownership in the Sergel Entities.

The Issuer's website is <https://sergel.com/>. Please note that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.

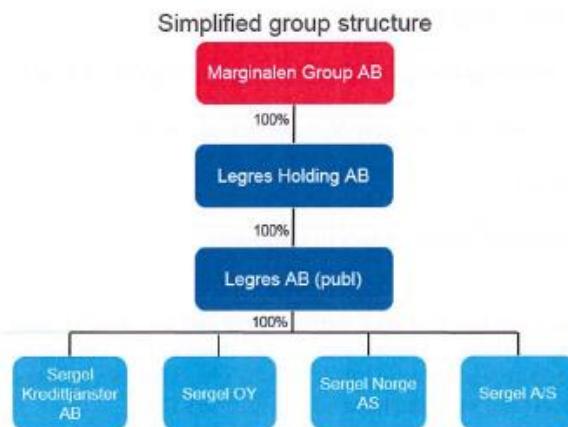
The Group provides credit management services and operates throughout the Nordic region.

## **Business and operations**

### **Introduction**

Sergel Kreditjänster AB was founded in Sweden in 1988 as Televerket's in-house collection company. Since then the Group has expanded to Finland, Norway and most recently Denmark. Nowadays the Group is a credit management service provider and it provides services throughout the entire credit life cycle, including credit decision, accounts receivable, debt collection and also connect services.

Below is a simplified structure chart for the group.



### **The Group - business overview**

The Group's credit management services cover the entire value chain.

As a first part in the chain, the Group assists with credit decisions by providing credit scoring models, customer validation and credit monitoring of the customer's client.

Secondly the Group provides payment processing services before, in connection with and after due date of a debt claim in regard to accounts receivable. The service comprises ledger services, reminders, payment matching, payment plans, reporting and selective customer support.

The largest service area of the Group is debt collection. It provides debt collection and surveillance services throughout all its markets. The Group focuses a lot on ethics and corporate social responsibility to ensure amicable collections and to reach solutions suitable for both parties.

Lastly the Group provides content billing and SMS distribution services. This business involves acting as an intermediary between the content provider and the operator billing the end customer.

### **Business model and market overview**

The customer focus is in transaction-intensive industries, such as communication, utilities, bank and finance. The Group also has strong connections to Telia, as Telia has divested a highly integrated non-core business, they are seeking a long-term partnership for the services offered by the Group. The Group has exclusivity of providing services to Telia for the duration of the Master Agreement and the Transitional Service Agreement.

## **Share capital and ownership structure**

The shares of the Company are denominated in SEK. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Company had an issued share capital of SEK 500,000 divided into 500,000 shares. To the Issuer's knowledge, there are currently no arrangements which may, at a subsequent date, result in a change in control of the issuer.

The following table sets forth the ownership structure in the Company as per the date of this Prospectus.

<b>Shareholder</b>	<b>No. of shares</b>	<b>Share capital</b>	<b>Voting Rights</b>
Legres Holding AB	500,000	100.00 %	100.00 %
Total	500,000	100.00 %	100.00 %

The Issuer is a wholly-owned subsidiary of Legres Holding AB.

## **Overview of Group structure**

Currently, the Issuer has, directly and indirectly, four wholly-owned subsidiaries.

Operations are conducted by the subsidiaries and the Issuer is thus dependent on its subsidiaries to generate revenues and profit in order to be able to fulfil its payment obligations under the Bonds.

## **Recent events**

There have been no recent events particular to the Issuer which is to a material extent relevant to the evaluation of the Issuer's solvency.

## **Significant change and trend information**

There has been no material adverse change in the prospects of the Issuer since the date of the last published audit financial statements and no significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of the registration document.

There have been no trends known to the Issuer affecting the Issuer's business. Key structural drivers in respect of the Group for growth in the market for credit management services in particular:

- changes in consumption patterns, i.e. consumer credit growth; and
- digitalization and increased regulatory requirements.

## **Legal and arbitration proceedings**

Neither the Issuer nor the Group is, or has over the past twelve months been, a party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on the Group's financial position or profitability. Nor is the Issuer aware of any such proceedings which are pending or threatening and which could lead to the Issuer or any member of the Group becoming a party to such proceedings.

## **Credit rating**

No credit rating has been assigned to the Issuer, or its debt securities.

## **Management**

The board of directors of the Issuer currently consists of three members which have been elected by the general meeting. The board of directors and the senior management can be contacted through the Issuer at its headquarters at Adolf Fredriks kyrkogata 8, 111 37 Stockholm. Further information on the members of the board of directors and the senior management is set forth below.

### **Board of directors**

*Glennow, Ewa, chairman of the board since 2016.*

**Education:** BSc in Business Administration from Lund University.

#### **Current commitments:**

ESCO Marginalen AB	Member of the Board
Marginalen AB	CEO, Member of the Board
Marginalen Bank AB (publ)	Member of the Board
Konsult AB Marginalen	Member of the Board
Marginalen Group AB	Member of the Board
Legres Holding AB	Member of the Board
Legres AB	Chairman of the Board
Sergel Kreditjänster AB	Member of the Board
Sergel AS	Member of the Board
Sergel A/S	Member of the Board
Sergel OY	Member of the Board

*Örtlund, Per, member of the board since 2016.*

**Education:** Bachelor of Economics and Business Administration from Stockholm University.

#### **Current commitments:**

ESCO Marginalen AB	Board Alternate
Marginalen Group AB	Board Alternate
Legres Holding AB	Board Alternate
Legres AB (publ)	Member of the Board

Sergel Kreditjänster AB	Board Alternate
Sergel AS	Board Alternate
Sergel A/S	Member of the Board
Sergel OY	Board Alternate
SIA Sergel	Member of the Supervisory Board
UAB Sergel	Member of the Supervisory Board

***Isak Åsbrink, member of the board since 2018.***

**Education:** M.Sc. in Industrial Engineering from Lund Tekniska Högskola.

**Current commitments:**

Legres AB	CEO, Board Member
Sergel Kreditjänster AB	CEO
Sergel Finans AB	Board Member
Sergel A/S	Board Member

**Management**

***Åsbrink, Isak, CEO of the Issuer since 2018***

**Education:** See "Board of directors" for further details.

**Current commitments:**

See "Board of directors" for further details.

***Salum-Dömstedt Tüna, CFO of the Issuer since 2018***

**Education:** MS. in International Business and Administration from Linköping University.

**Current commitments:**

Michael Dömstedt - Affärsutveckling AB	Board Alternate
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**Conflicts of interest within administrative, management and control bodies**

Ewa Glennow, being board member of the Issuer, is also board member of the Issuer's parent company, Legres Holding AB and the Issuer's ultimate parent company, Marginalen Group AB. Ewa

Glennow also owns shares in the Issuer's ultimate parent company Marginalen Group AB. While the Issuer recognises the potential conflicts described above, the Issuer does not believe that such potential conflicts constitute an actual conflict of interest between such individual's duties to the Issuer and its private interests or other commitments.

### **Interest of natural and legal persons involved in the issue**

The Bookrunner and/or its affiliates have been engaged in, and may in future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Joint Bookrunners and/or the Issuing Agent and/or its affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests. Further, Advokatfirman Vinge has acted as legal advisor to the Issuer.

## **Historical Financial Information**

### **Historical financial information**

The historical financial information in the Prospectus consists of the Group's consolidated financial information for the financial years 01-01-2018 to 31-12-2018 and 06-10-2016 to 31-12-2017 which have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and the Swedish Annual Accounts Act (Sw. Årsredovisningslagen) and are incorporated into this Prospectus by reference. For particular financial figures for financial year ended 31-12-2018, please refer to the pages set out below:

- income statement, page 16;
- balance sheet, page 17;
- statement of changes in equity, page 18;
- cash flow statement, page 19;
- notes, page 24-44; and
- the audit report, page 46-47.

For particular financial figures for the financial year ended 31-12-2017, please refer to the pages set out below:

- income statement, page 4;
- balance sheet, page 5;
- statement of changes in equity, page 6;
- cash flow statement, page 7;
- notes, page 8-24; and
- the audit report, page 35-37.

Other than the Issuer's separate financial statements for the Issuer for the financial year ended 31-12-2018 and the financial year ended 31-12-2017, the Group's auditor has not audited or reviewed any part of this Prospectus.

## **Auditing of the annual historical financial information**

The Group's consolidated financial information for the financial year 01-01-2018 to 31-12-2018 and the financial year 06-10-2016 to 31-12-2017, have been audited by Deloitte AB, Rehnsgatan 11, 113 79 Stockholm. Kent Åkerlund is the auditor who is responsible for the Issuer and the Group. Kent Åkerlund is an authorized auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

## **Age of the most recent financial information**

The most recent financial information has been taken from the separate financial statements for the Issuer for the financial year ended 31 December 2018, which was published on 11 April 2019 on the Issuer's website [sergel.com](http://sergel.com).

## **Other Information**

### **Assurance regarding the Prospectus**

The Issuer is responsible for the content of the Prospectus and has taken all reasonable precautions to ensure that, as far as the Company is aware, the information in the Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the board of directors of the Company is also responsible for the content of the Prospectus. The board of directors has taken all reasonable care to ensure that the information in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### **Clearing and settlement**

As of the date of this Prospectus, Bonds have been issued in an amount of SEK 550,000,000. Each Bond has a nominal amount of SEK 1,250,000. The ISIN for the Bonds is SE0012729010.

The Bonds have been issued in accordance with Swedish law. The Bonds are connected to the account- based system of Euroclear Sweden AB. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.

### **Representation of the Bondholders**

The Terms and Conditions stipulates the provisions for the Agent's representation of the Bondholders.

### **Material contracts**

Other than as described under the section entitled "Description of Material Agreements" herein, the Group has not entered into any material contracts not in the ordinary course of its business and which may affect the Group's ability to fulfil its obligations under the Bonds.

## **Documents incorporated by reference**

This Prospectus is, in addition to this document, comprised of information from the following document which is incorporated by reference and available in electronic format on the Issuer's website at [www.sergel.com/investor-relations](http://www.sergel.com/investor-relations):

- pages 16-19, 24-44 and 46-47 from the Group's consolidated financial information for the financial year 01-01-2018 to 31-12-2018, which can be found at the following link: [Annual report and consolidated financial statements 2018](#) and
- pages 4-24 and 35-37 from the Group's consolidated financial information for the financial year 06-10-2016 to 31-12-2017, which can be found at the following link: [Annual report and consolidated financial statements 2016/2017](#).

## **Documents available for inspection**

The following documents are available at the Company's headquarters at Adolf Fredriks kyrkogata 8, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus and, in electronic form, on the Company's website [sergel.com](http://sergel.com).

- the Company's articles of association;
- the Company's certificate of registration;
- the Group's consolidated unaudited interim report for the period 1 January 2019 to 31 March 2019;
- the Group's consolidated financial information for the financial year ended 31 December 2018 and the financial year ended 31 December 2017;
- the Company's separate financial statements and audit report for the financial year ended 31 December 2018 and for the financial year ended 31 December 2017;
- Sergel Kredittjänster AB's financial statements and audit report for the financial year ended 31 December 2018 and for the financial year ended 31 December 2017;
- Sergel Oy's financial statements and audit report for the financial year ended 31 December 2018 and for the financial year ended 31 December 2017;
- Sergel Norge AS' financial statements and audit report for the financial year ended 31 December 2018 and for the financial year ended 31 December 2017;
- Sergel A/S' financial statements and audit report for the financial year ended 31 December 2018 and for the financial year ended 31 December 2017; and
- this Prospectus.

This Prospectus, and the documents available for inspection are published at the Issuer's website: [www.sergel.se](http://www.sergel.se).

## **Listing costs**

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 540 000.



# **Terms and Conditions of the Bonds**

## **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 Central Securities Depositories and Financial Instruments Accounts Act and through which a Bondholder has opened a Securities Account in respect of its Bonds.

**"Accounting Principles"** means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

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

**"Advance Purchase Agreements"** means:

- (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment in the normal course of business with credit periods which are normal for the relevant type of project contracts; or
- (b) any other trade credit incurred in the ordinary course of business

**"Affiliate"** means any Person (i) directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person or (ii) being an affiliate (Sw. *närliggande*) according to the definition in the Swedish Act on Public Takeover Offers on the Stock Market (*lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*). For the purpose of this definition, "**control**" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

**"Agency Agreement"** means the agency agreement entered into on 17 June 2019 between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent, regarding, inter alia, the remuneration payable to the Agent.

**"Agent"** means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

**"Bondholder"** means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*författare*) with respect to a Bond.

**"Bondholders' Meeting"** means a meeting among the Bondholders held in accordance with Clause 17 (*Bondholders' Meeting*).

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

**"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.

**"Call Option"** means the Issuer's right to redeem outstanding Bonds in full in accordance with 9.3 (*Voluntary total redemption (call option)*).

**"Call Option Amount"** means:

- (a) 106.00 per cent. of the Outstanding Nominal Amount if the Call Option is exercised on or after, and including, the First Issue Date to, but not including, the First Call Date, together with (i) the remaining interest payments, calculated in accordance with the below and (ii) accrued but unpaid Interest. For the purpose of calculating the remaining interest payments, it shall be assumed that the Interest Rate for the period from the relevant Record Date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant Record Date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment;
- (b) 103.00 per cent. of the Outstanding Nominal Amount, if the Call Option is exercised on or after the First Call Date to, but not including, the date falling 30 months after the First Issue Date, together with accrued but unpaid Interest;
- (c) 101.50 per cent. of the Outstanding Nominal Amount, if the Call Option is exercised on or after the date falling 30 months after the First Issue Date to, but not including, the Final Maturity Date, together with accrued but unpaid Interest; and
- (d) notwithstanding paragraph (c) above, provided that the redemption is financed to more than 50 % by way of one or several Market Loan issues, at any time from and including the date falling 3 months before the Final Maturity Date to, but excluding, the Final Maturity Date, at an amount equal to 100 % of the Outstanding Nominal Amount together with accrued but unpaid Interest.

**"Cash"** means, at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of a Group Company with a bank and to which a Group Company is alone (or together with other Group Companies) beneficially entitled.

**"Cash Equivalents"** means, in respect of the Group, and at any time, (i) immediately available funds to which a Group Company is alone (or together with other Group Companies) beneficially entitled at bank or postal accounts and (ii) marketable debt securities held for cash management purposes that can be realised promptly and which

has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investor Services Limited, or, if no rating is available in respect of the commercial paper or debt securities, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating

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

**"Change of Control Event"** means the occurrence of an event or series of events whereby any person, other than the Owner, acquires control over the Issuer and where "control" means:

- (a) controlling, directly or indirectly, more than 50% of the voting shares of the Issuer; or
- (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

**"Compliance Certificate"** means a certificate, in form and substance satisfactory to the Agent, signed by the Issuer certifying the Maintenance Test (including figures in respect of the relevant financial tests and the basis on which they have been calculated), and (ii) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it.

**"CSD"** means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

**"EBITDA"** means, in respect of the Reference Period, the aggregate of the profit of the Group on a consolidated basis from ordinary activities according to the latest Financial Report:

- (a) before deducting any amount of tax on profits, gains or income paid or payable by the Group;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any extraordinary or exceptional items which are not in line with the ordinary course of business;
- (d) before taking into account any Transaction Costs and any transaction costs relating to any acquisition of any additional target company;
- (e) not including any accrued interest owing to any member of the Group;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;

- (i) plus or minus the Group share of the profits or losses of entities which are not part of the Group; and
- (j) after adding back any amount attributable to the amortisation, depreciation, impairment or depletion of assets of the Group.

**"Event of Default"** means an event or circumstance specified in any of the Clauses in 14 (*Events of Default and Acceleration of the Bonds*) other than Clause 14.11 (*Acceleration of the Bonds*) is an Event of Default.

**"Final Maturity Date"** 9 July 2022 (3 years after the First Issue Date).

**"Finance Charges"** means, for the Reference Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any member of the Group according to the latest Financial Report(s) (calculated on a consolidated basis) other than Transaction Costs, capitalised interest in respect of any loan owing to any member of the Group or any shareholder loan and taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.

**"Finance Documents"** means these Terms and Conditions, the Security Documents, the Subordination Agreement, the Agency Agreement and any other document designated to be a Finance Document by the Issuer and the Agent.

**"Financial Indebtedness"** means any indebtedness in respect of:

- (a) monies borrowed or raised, including under bank financing or Market Loans;
- (b) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis), provided that the requirements for de-recognition under the Accounting Principles are met;
- (c) any amount raised under any other transaction having the commercial effect of a borrowing or otherwise being classified as a borrowing under the Accounting Principles (including forward sale or purchase arrangements);
- (d) the marked-to-market value of any derivative transaction 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);
- (e) any counter-indemnity obligation in respect of a guarantee, indemnity, Market Loan, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (f) (without double counting) any guarantee or other assurance against financial loss in respect of indebtedness referred to in the above items (a)-(f),

**"Financial Report"** means the Group's annual audited consolidated financial statements or quarterly interim unaudited reports of the Group, which shall be prepared and made available in accordance with Clause 11.1 (*Information from the Issuer*).

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

**"First Issue Date"** means 9 July 2019.

**"Floating Rate Margin"** means 6.00 per cent. per annum.

**"Force Majeure Event"** has the meaning set forth in Clause 25(a).

**"Group"** means the Issuer and all Subsidiaries from time to time. "Group Company" means any member of the Group.

**"Initial Bonds"** means the Bonds issued on the First Issue Date in the total amount of SEK 550,000,000.

**"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 Swedish Bankruptcy Act (*konkurslagen* (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 its creditors (other than the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish 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 Bonds calculated in accordance with Clauses 8(a) to 8(c).

**"Interest Coverage Ratio"** means the ratio of EBITDA to Net Finance Charges.

**"Interest Payment Date"** means 9 January, 9 April, 9 July and 9 October 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 Bonds shall be 9 October 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"** STIBOR (3 months), plus the Floating Rate Margin. The Interest Rate shall for the avoidance of doubt never be less than zero (0).

**"Issuer"** means Legres AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 559085-4773.

**"Issuer's Cash"** means, at any time, Cash and Cash Equivalents available to the Issuer and the Group Companies.

**"Issuing Agent"** means Skandinaviska Enskilda Banken AB (publ), or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**"Listing Failure Event"** means when the Initial Bonds and the Subsequent Bonds have not been listed on an MTF in accordance with Clauses 13.8(a)(ii), 13.8(b)(i)(B) and 13.8(b)(ii)(B).

**"Market Loan"** means any loan or other indebtedness where an entity issues commercial paper, certificates, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, 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 Nasdaq Stockholm or any other regulated or unregulated recognised market place.

**"Material Adverse Effect"** means a material adverse effect on:

- (a) the business, financial condition or operations of the Group taken as a whole;
- (b) the Group's ability to perform and comply with the payment obligations under the Finance Documents; or
- (c) the validity or enforceability of the Finance Documents.

**"Material Group Company"** means the Issuer, each Sergel Entity and each Group Company representing more than 10.00 per cent of the total assets of the Group on a consolidated basis (for the avoidance of doubt, excluding any intra group transactions) according to the latest Financial Report.

**"MB Service Agreements"** means the agreements entered into on 30 June 2017 and on arm's length basis with the term to maturity after the Final Maturity Date and otherwise not permitted to be terminated before the Bonds have been repaid in full, between certain Sergel Entities and Sergel Finans AB, Sergel Finans AS and Sergel Finans Oy, regarding services to be provided by such Sergel Entities to Sergel Finans AB, Sergel Finans AS and Sergel Finans Oy.

**"MB Service Agreements Pledge Agreement"** means the rights pledge agreement relating to the first ranking pledge over certain Sergel Entities' rights under the MB Service Agreements.

**"MTF"** means any multilateral trading facility as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended.

**"Net Finance Charges"** means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to any member of the Group and any interest income relating to Cash or Cash Equivalent investment (and excluding any interest capitalised on Shareholder Loans).

**"Net Interest Bearing Debt"** means the aggregate interest bearing debt less Cash and Cash Equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time (for the avoidance of doubt, excluding guarantees, bank guarantees, Shareholder Loans, any claims subordinated pursuant to a subordination agreement in form and substance satisfactory to the Agent and interest bearing debt borrowed from any Group Company).

**"Net Proceeds"** means the proceeds from the bond issue which, after deduction has been made for the transaction costs payable by the Issuer in connection with issuance of the Bonds, shall be transferred to the Issuer and used in accordance with the Purpose of the Bond Issue.

**"Nominal Amount"** has the meaning set forth in Clause 2(c).

**"Outstanding Nominal Amount"** means the Nominal Amount less any repayments made pursuant to Clause 13.5 (*Disposal of Assets*) and Clause 9.4 (*Voluntary Partial Redemption*).

**"Owner"** means Ewa Glennow (personal identity number 560322-3966).

**"Permitted Debt"** means any Financial Indebtedness:

- (a) incurred under the Bonds;
- (b) of the Group incurred pursuant to any financial leasing arrangements incurred in the ordinary course of the Group's business in a maximum amount of SEK 30,000,000;
- (c) taken up from a Group Company;
- (d) of the Group under any guarantee issued by a Group Company in the ordinary course of business;
- (e) arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (f) arising under any interest rate hedging transactions in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (g) related to any Shareholder Loans;
- (h) incurred under Advance Purchase Agreements;
- (i) incurred as a result of any Group Company acquiring another entity, save for the Sergel Entities, and which is due to that such acquired entity holds indebtedness, provided that any such acquired debt is refinanced by the Issuer within 6 months;
- (j) pension liabilities of the Group less any capital in Telia Pensionsstiftelse designated for pension liabilities of the Group, in an outstanding amount not exceeding SEK 45,000,000 (the "**Pension Liabilities**");
- (k) incurred by the Issuer for the purpose of refinancing the Bonds in full; and
- (l) any Financial Indebtedness not referred to in paragraphs (a)-(k) above, not exceeding an aggregate amount of SEK 10,000,000.

**"Permitted Security"** means any security:

- (a) created in accordance with the Finance Documents;
- (b) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (c) provided in relation to any lease agreement entered into by a Group Company;
- (d) provided over any assets being subject to a financial lease or a sale lease back transaction, permitted pursuant to (b) of the definition of Permitted Debt above;

- (e) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (f) provided for interest rate hedging transactions set out in paragraph (f) of the definition Permitted Debt;
- (g) provided for any guarantees issued by a Group Company in the ordinary course of business;
- (h) any Security provided in the form of a pledge over an escrow account to which the proceeds from a refinancing of the Bonds in full are intended to be received;
- (i) provided in relation to any Financial Indebtedness incurred by the Issuer, pursuant to paragraph (k) of the definition Permitted Debt; or
- (j) provided for any pension liability set out in paragraph (j) of the definition Permitted Debt.

**"Person"** means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

**"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 Bondholders is to be made under Clause 15 (Distribution of Proceeds), (iv) the date of a Bondholders' 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 Bonds are to be redeemed or repurchased in accordance with Clause 9 (Redemption and Repurchase of the Bonds).

**"Reference Period"** means each period of 12 consecutive calendar months.

**"Regulated Market"** means any regulated market (as defined in Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended).

**"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 Security Agent, the Bondholders and the Agent (including in its capacity as Agent under the Agency Agreement).

**"Securities Account"** means the account for dematerialised securities maintained by the CSD pursuant to the Central Securities Depositories and 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 Agent"** means Nordic Trustee & Agency AB (publ) holding the Transaction Security on behalf of the Secured Parties.

**"Security Documents"** means:

- (a) the share pledge agreement relating to first ranking pledge over the shares in the Issuer;
- (b) the share pledge agreement relating to first ranking pledge over the shares in each Sergel Entity;
- (c) the shareholder loan pledge agreement relating to first ranking pledge over the Shareholder Loans; and
- (d) the MB Service Agreements Pledge Agreement.

**"Sergel Entities"** means Sergel Kreditjänster AB, a (Reg. No. 556264-8310), Sergel Oy (Reg. No. 1571416-1), Sergel A/S (CVR: 35481036) and Sergel Norge AS (Reg. No. 984 272 170).

**"Shareholder Loans"** means any shareholder loan to the Issuer if such shareholder loan:

- (a) pursuant to the Subordination Agreement are subordinated to the obligations of the Issuer under the Finance Documents;
- (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date; and
- (c) according to its terms yield only payment-in-kind interest, other than interest that is permitted to be payable under Clause 13.2 (Distributions).

**"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; or
- (b) if no rate 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
- (c) if no quotation is available pursuant to paragraph (b), 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.

**"Subsequent Bonds"** means any Bonds issued after the First Issue Date on one or more occasions.

**"Subsidiary"** means a subsidiary of the Issuer according to Chapter 1 Section 11 of the Swedish Companies Act (or under such provision as may replace this provision).

**"Subordination Agreement"** means a subordination agreement to be entered into between the Agent, the Issuer and Legres Holding AB under which any Shareholder Loans granted to the Issuer will be subordinated.

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

**"Total Nominal Amount"** means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

**"Test Date"** means the last day of each calendar quarter.

**"Transaction Costs"** means all fees, costs and expenses, stamp, registration and other taxies incurred by the Issuer or any other member of the Group in connection with (i) the Bond Issue and (ii) the listing of the Bonds.

**"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 Bondholders in accordance with Clause 18 (*Written Procedure*).

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - (i) "**assets**" includes present and future properties, revenues and rights of every description;
  - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (iii) a "**regulation**" includes any 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;
  - (iv) an Event of Default is continuing if it has not been remedied or waived;
  - (v) a provision of law is a reference to that provision as amended or re-enacted; and
  - (vi) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in SEK 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 SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. *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.
- (c) The Financial Indebtedness, Interest Cover Ratio and the Net Interest Bearing Debt to EBITDA shall be calculated without accounting for any effects pursuant to IFRS 16 (i.e. in accordance with the principles that applied in respect of classification of leases prior to IFRS 16).

- (d) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden.
- (e) No delay or omission of the Agent or of any Bondholder 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 Bonds

- (a) The Bonds are denominated in Swedish Kronor and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The nominal amount of each Bond is SEK 1,250,000 (the "**Nominal Amount**"). The Total Nominal Amount of the Initial Bonds is SEK 550,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- (d) Provided that no Event of Default is continuing or would result from the expiry of a grace period, the making of a determination or any combination of the foregoing or such issue and that the Incurrence Test in Clause 12.2 (*Incurrence Test*) will not be breached as a result of the issue, the Issuer may, on one or several occasions, issue Subsequent Bonds. Subsequent Bonds 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 Bonds shall apply to Subsequent Bonds. The issue price of the Subsequent Bonds may be set to the Nominal Amount or at a discount or at a premium compared to the Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 1,000,000,000 unless consent from the Bondholders is obtained in accordance with Clause 16(e)(i). Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 8, and otherwise have the same rights as the Initial Bonds.
- (e) The Bonds constitute direct, general, unconditional, unsubordinated and of the Issuer and shall at all times rank at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.
- (f) The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (g) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

### **3 Use of Proceeds**

The purpose of the Bond Issue is to, (i) refinance the existing Bonds issued by the Company (including Transaction Costs), and (ii) finance general corporate purposes.

### **4 Conditions Precedent**

#### **4.1 Disbursement of the Net Proceeds from the Initial Bonds**

- (a) The Agent shall immediately confirm in writing to the Issuing Agent when the Agent is satisfied that it has received the conditions in paragraph (b) below, after which the Issuing Agent shall procure the settlement of the Initial Bonds and transfer the proceeds to an account as instructed by the Issuer.
- (b) The Issuer shall provide, or procure the provision of:
  - (i) evidence that the Finance Documents have been duly executed;
  - (ii) copies of constitutional documents and necessary corporate resolutions (including authorisations) for each company that is a party to a Finance Document approving the relevant Finance Documents to which it is a party;
  - (iii) evidence that the Transaction Security has been granted and perfected or will be perfected immediately following disbursement in accordance with the terms of the relevant Security Agreement;
  - (iv) an agreed form for the Compliance Certificate;
  - (v) a legal opinion on the validity and enforceability of the Finance Documents not governed by Swedish law issued by reputable law firms; and
  - (vi) written confirmation from the Issuing Agent that the Issuer has issued a completeness certificate and a statement of responsibility.
- (c) The Agent is not reviewing the documents and evidence referred to in paragraph (b) above from a legal or commercial perspective of the Bondholders. The Agent may assume that the documentation and evidence delivered to it pursuant to paragraph (b) above is accurate, legally valid, enforceable, correct, true and complete and the Agent does not have to verify or assess the contents of any such documentation.

#### **4.2 Disbursement of the Net Proceeds from any Subsequent Bonds**

Any Subsequent Bonds shall be issued and the thereto pertaining Net Proceeds transferred to the Issuer once the Issuer has provided to the Agent a (i) Compliance Certificate (whereby the relevant test date for the Incurrence Test shall be the most recent Test Date) and (ii) a copy of a resolution of the board of directors or other persons authorised to exercise the relevant powers of the Issuer, approving the issue of Subsequent Bonds. The Agent shall immediately confirm in writing to the Issuing Agent when the Agent is satisfied that it has received the conditions in this Clause 4.3, after which the Issuing Agent shall procure the settlement of the Subsequent Bonds and transfer the proceeds to an account as instructed by the Issuer.

## 5

### Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Bonds will be registered in accordance with the Central Securities Depositories and Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Central Securities Depositories and Financial Instruments Accounts Act.
- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) 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 kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

## 6

### Right to Act on Behalf of a Bondholder

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) 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 6(b) and may assume that it 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

### Payments in Respect of the Bonds

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD

on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

- (b) If a Bondholder has registered, through an Account Operator, that principal and interest 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 Bondholder 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 Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) 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 8(d) during such postponement.
- (d) If payment or repayment is made in accordance with this Clause 7, 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, unless the Issuer or the CSD (as applicable) was aware that the payment was being made to a person not entitled to receive such amount.

## **8 Interest**

- (a) Each Initial Bond carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) 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).
- (d) If the Issuer fails to pay any amount payable by it 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 hundred (200) basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. 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.

## **9 Redemption and Repurchase of the Bonds**

### **9.1 Redemption at maturity**

The Issuer shall redeem all, but not some only, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Outstanding 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.

## **9.2 Issuer's purchase of Bonds**

The Issuer may at any time and at any price purchase any Bonds on the market or in any other way. Bonds held by the Issuer may at the Issuer's discretion be retained or sold but not cancelled by the Issuer, unless in case of a full redemption of the Bonds.

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

- (a) The Issuer may redeem all, but not only some, of the Bonds early on any Business Day before the Final Maturity Date. The Bonds shall be redeemed at the Call Option Amount together with accrued but unpaid interest.
- (b) Redemption in accordance with Clause 9.3(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

## **9.4 Voluntary Partial Redemption**

- (a) The Issuer may on one occasion each calendar year (without carry-back or carry forward), make partial repayments of Bonds in an amount corresponding to a maximum of ten (10) per cent. of the aggregate Nominal Amount as of the First Issue Date. Any such partial repayment shall reduce the Nominal Amount of each Bond *pro rata* (rounded down to the nearest SEK 1.00). The prepayment price for each Bond shall be the lower of the Call Option Amount and 103% of the Nominal Amount together with accrued but unpaid interest.
- (b) Partial redemption in accordance with Clause 9.4(a) shall be made by the Issuer giving not less than (20) Business Days' notice and the repayment shall be made on the immediately following Interest Payment Date.

## **9.5 Mandatory repurchase (put option)**

- (a) Upon a Change of Control Event occurring that has not been waived by the Bondholders in accordance with these Terms and Conditions, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount (plus accrued and unpaid interest) during a period of sixty (60) days following a notice from the Issuer of the Change of Control Event pursuant to Clause 11.1(d) (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.
- (b) Upon a Listing Failure Event occurring that has not been waived by the Bondholders in accordance with these Terms and Conditions, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount (plus accrued and unpaid interest) during a period of sixty (60) days following a notice from the Issuer of the Listing Failure Event pursuant to Clause 11.1(d) (after which time

period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Listing Failure Event.

- (c) The notice from the Issuer pursuant to Clause 11.1(d) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 11.1(d). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 9.5(a).

## **9.6 General**

- (a) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9 by virtue of the conflict.
- (b) Any Bonds repurchased by the Issuer pursuant to this Clause 9 may at the Issuer's discretion be retained or sold but not cancelled by the Issuer, unless in case of a full redemption of the Bonds.

## **10 Transaction Security**

- (a) As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants on the First Issue Date the Transaction Security to the Secured Parties as represented by the Agent.
- (b) The Agent shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Security Documents. The Issuer shall enter into the Security Documents and perfect the Transaction Security in accordance with the Security Documents on or before the First Issue Date.
- (c) Unless and until the Agent has received instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*), the Agent shall (without first having to obtain the Bondholders' 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 Bondholders' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents.
- (d) For the purpose of exercising the rights of the Bondholders and the Agent under these Terms and Conditions and for the purpose of distributing any funds originating from the enforcement of any Transaction Security, the Issuer irrevocably authorises and empowers the Agent to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Holders in accordance with Clause 15 (*Distribution of proceeds*). To the extent permissible by law, the powers set out in this Clause 10(d) are irrevocable and shall be valid for as long as any Bonds remain outstanding. The Issuer shall immediately

upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), which the Agent deems necessary for the purpose of carrying out its duties herein (including as required by the CSD in order for the CSD to accept such payment instructions). Especially, the Issuer shall, upon the Agent's request, provide the Agent with a written power of attorney empowering the Agent to change the bank account registered with the CSD to a bank account in the name of the Agent and to instruct the CSD to pay out funds originating from an enforcement in accordance with Clause 15 (*Distribution of proceeds*) to the Bondholders through the CSD.

## 11 Information to Bondholders

### 11.1 Information from the Issuer

- (a) The Issuer will make the following information available to the Bondholders by way of press release and by publication on the website of the Group:
  - (i) 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 including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
  - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, the quarterly interim unaudited consolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors; and
  - (iii) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Bonds are admitted to trading.
- (b) The Issuer shall, in a report pursuant to paragraph 11.1(a)(ii) above, disclose the number of any Bonds purchased, sold or cancelled by the Issuer during the financial quarter pertaining to such report, provided that no such information shall be necessary if no Bonds have been purchased, sold or cancelled during the relevant financial quarter;
- (c) The Issuer shall issue a Compliance Certificate to the Agent in connection with the publication of a report pursuant to paragraph 11.1(a)(ii).
- (d) The Issuer shall promptly notify the Agent when the Issuer is or becomes aware of (i) the occurrence of a Change of Control, or (ii) that an Event of Default has occurred 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 the Agent may request (acting reasonably) following receipt of such notice.
- (e) When the financial statements and other information are made available to the Bondholders pursuant to Clause 11.1(a), the Issuer shall send copies of such financial statements and other information to the Agent.
- (f) The Issuer shall immediately notify the Agent (with full particulars) when the Issuer is or becomes 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. 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.

- (g) The Issuer is only obliged to inform the Agent according to this Clause 11.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 11.1.

## **11.2 Information from the Agent**

Subject to the restrictions of any applicable law and regulation, the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

## **11.3 Publication of Finance Documents**

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Group and the Agent.
- (b) The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours.

# **12 Financial Covenants**

## **12.1 Maintenance Test**

- (a) The Maintenance Test is satisfied if:
- (i) the Interest Coverage Ratio exceeds 2.50x;
  - (ii) the Net Interest Bearing Debt to EBITDA is not greater than 3.75x; and
  - (iii) Issuer's Cash and Cash Equivalents amounts to at least SEK 20,000,000.
- (b) The Maintenance Test to be tested quarterly on each Test Date on the basis of each Financial Report.

## **12.2 Incurrence Test**

- (a) The Incurrence Test is satisfied if the Net Interest Bearing Debt to EBITDA is less than 2.50x.
- (b) The Incurrence Test shall be tested in connection with each (i) issue of any Subsequent Bonds and (ii) the payment of any dividend or distribution by the Company pursuant to Clause 13.2(a) below in which case the Net Interest Bearing Debt shall be increased taking into account the contemplated issue of Subsequent Bonds or payment of a dividend or distribution (as applicable).

## **12.3 Adjustments**

The figures for the Net Finance Charges and EBITDA for the Reference Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Maintenance Test, but adjusted so that Net Finance Charges attributable to any Bonds that have been repurchased (and not resold) or redeemed by any Group Company during the Reference Period shall be excluded, pro forma, for the entire Reference Period. Applicable exchange rates for the calculations shall be each year's average currency rates.

# **13 General Undertakings**

## **13.1 General**

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will) comply with the undertakings set out in this Clause 13 for as long as any Bonds remain outstanding.

## **13.2 Distributions**

The Issuer shall not, and shall procure that none of the Subsidiaries:

- (a) pay any dividend in respect of its shares (other than to the Issuer and any wholly-owned Subsidiary of the Issuer) provided however that the Issuer may pay a dividend or make a distribution provided that (i) the Incurrence Test (whereby the relevant test date for the Incurrence Test shall be the most recent Test Date) is met and (ii) the amount of such dividend or distribution may in aggregate, during a calendar year, not exceed an amount equal to fifty (50) per cent. of the net income during the immediately preceding calendar year;
- (b) repurchase or redeem any of its own shares;
- (c) redeem or reduce its share capital or other restricted or unrestricted equity with repayment to shareholders;
- (d) repay any loans granted by its direct or indirect shareholders or pay interest thereon (other than to the Issuer and any wholly-owned Subsidiary of the Issuer);
- (e) make any prepayments or repayments under any long-term debt ranking junior to the Bonds (other than to the Issuer and any wholly-owned Subsidiary of the Issuer); or
- (f) make any other similar distribution or transfers of value to the Issuer's, or the Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and

indirect shareholders (other than to the Issuer and any wholly-owned Subsidiary of the Issuer (each being a "Restricted Payment").

### **13.3 Nature of Business**

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

### **13.4 Financial Indebtedness**

The Issuer shall not, and shall procure that none of its Subsidiaries, incur, prolong or renew any Financial Indebtedness, provided however that the Issuer and the other Group Companies have a right to incur, prolong or renew Financial Indebtedness that constitute Permitted Debt.

### **13.5 Disposal of Assets**

- (a) The Issuer shall not, and shall procure that no Group Company, sell or otherwise dispose of shares in any Material Group Company or of all or substantially all of its or that Material Group Company's assets, or operations to any person not being the Issuer or any of its wholly-owned Group Companies, 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.
- (b) Notwithstanding the above, the Issuer shall not, and shall procure that no Group Company, sell or otherwise dispose of shares in any Sergel Entity and/or any other shares or assets which have been pledged in order to secure the obligations under the Finance Documents unless the Agent has provided its prior approval.

### **13.6 Dealings with Related Parties**

The Issuer shall, and shall procure that its Subsidiaries conduct all dealings with the direct and indirect shareholders of the Group Companies and/or any Affiliates of such direct and indirect shareholders at arm's length terms, provided that no disposal or other transfer of assets (including, but not limited to, registered intellectual property rights) shall be made to the Owner or any of its Affiliates.

### **13.7 Negative Pledge**

The Issuer shall not, and shall procure that none of its Subsidiaries, provide, prolong or renew any security over any of its/their assets (present or future) to secure any Financial Indebtedness, provided however that the Issuer and the Group Companies have a right to provide, prolong and renew any Permitted Security.

### **13.8 Listing**

- (a) The Issuer shall (in respect of the Initial Bonds):
  - (i) use its best efforts to ensure that the Initial Bonds are listed at the relevant list of an MTF no later than 30 days after the First Issue Date;

- (ii) ensure that the Initial Bonds are listed on the relevant list of an MTF within 60 days after the First Issue Date (unless listed on Nasdaq Stockholm on or prior to such date); and
  - (iii) ensure that the Initial Bonds are listed on Nasdaq Stockholm within 6 months after the First Issue Date (with a consequential, de-listing on the relevant MTF).
- (b) The Issuer shall (in respect of any Subsequent Bonds):
- (i) in case the Initial Bonds have not been listed on Nasdaq Stockholm when the Subsequent Bonds are issued (A) use its best efforts to ensure that any Subsequent Bonds are listed on the relevant list on the same MTF as the Initial Bonds no later than 30 days after the relevant issue date, (B) ensure that any Subsequent Bonds are listed on the relevant list on such MFT within 60 days after the relevant issue date and (C) ensure that any Subsequent Bonds are listed on the corporate list on Nasdaq Stockholm within 6 months after the First Issue Date (with a consequential, de-listing on the relevant MTF); and
  - (ii) in case the Initial Bonds have been listed on Nasdaq Stockholm when the Subsequent Bonds are issued (A) use its best efforts to ensure that any Subsequent Bonds are listed on the corporate bond list on Nasdaq Stockholm no later than 30 days after the relevant issue date and (B) ensure that any Subsequent Bonds are listed on the corporate bond list on Nasdaq Stockholm within 60 days after the relevant issue date.
- (c) The Issuer shall take all measures required to ensure that the Bonds, once listed on an MTF or Nasdaq Stockholm, continue being listed on such MTF (until replaced by Nasdaq Stockholm as set out in paragraphs (a) and (b) below) or Nasdaq Stockholm for as long as any Bond is outstanding (however, taking into account the rules and regulations of the relevant MTF, Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

### **13.9 Mergers and demergers**

The Issuer shall not, and shall procure that none of its Subsidiaries, enter into a merger or demerger if such merger or demerger is likely to have a Material Adverse Effect. The Issuer shall not enter into a merger where the Issuer is not the surviving entity and the Issuer shall not enter into a demerger.

### **13.10 Loans out**

The Issuer shall not, and shall procure that no Subsidiary grants any loans, other than to Group Companies or in the ordinary course of business, provided that not made to the Owner or any of its Affiliates'.

### **13.11 Upstreaming of funds**

The Issuer shall procure that the Sergel Entities (i) will not agree to any contractual restrictions with any party on up-streaming of funds as distributions, upstream loans or otherwise to the Issuer and (ii) utilises its full capacity, as permitted by law, to upstream funds to the Issuer to timely meet any payment obligations under the Finance Documents.

### **13.12 Compliance with Subordination Agreement**

The Issuer shall not, and shall procure that no Subsidiary, makes any payments in violation of the provisions of the Subordination Agreement provided however that the Issuer may make a repayment of the Shareholder Loan in a maximum amount equal to SEK 100,000,000 provided that: (i) such repayment is made no earlier than five (5) Business Days, and not later than fifteen (15) Business Days, after the First Issue Date and (ii) such repayment is funded by existing liquidity.

### **13.13 MB Service Agreements**

The Issuer shall make sure that the relevant Sergel Entities ensure that (i) no MB Service Agreement is materially amended within one (1) year from the Issue Date, and (ii) the fee level for each respective service provided by a Sergel Entity under the MB Service Agreements is not negatively deviated with more than fifteen (15) per cent from the fee levels as per the First Issue Date.

### **13.14 Compliance with laws etcetera**

The Issuer shall, and shall make sure that the Material Group Companies, (i) comply in all material respects with all laws and regulations applicable from time to time and (ii), obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Material Group Company.

## **14 Events of Default and Acceleration of the Bonds**

Each of the events or circumstances set out in this Clause 14 (other than Clause 14.11 (*Acceleration of the Bonds*)) is an Event of Default.

### **14.1 Non-Payment**

The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is caused by administrative or technical error and payment is made within five (5) Business Days of the due date.

### **14.2 Other Obligations**

The Issuer does not comply with the Finance Documents, in any other way than as set out in Clauses 9.5 (*Mandatory repurchase (put option)*), 13.8(a)(ii), 13.8(b)(ii)(B) and 14.1 (*Non-Payment*) above, provided that the Agent has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within fifteen (15) Business Days from such request (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request).

### **14.3 Termination of MB Service Agreements**

Any MB Service Agreement is terminated before all Bonds have been fully repaid.

## **14.4 Cross-Acceleration**

Any Financial Indebtedness (excluding any loans between members of the Group) of a Material Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this section if the aggregate amount of Financial Indebtedness that has fallen due is less than SEK 20,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company.

## **14.5 Insolvency**

- (a) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors with a view to rescheduling its Financial Indebtedness; or
- (b) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company.

## **14.6 Insolvency Proceedings**

Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 60 days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to Subsidiaries, solvent liquidations) in relation to:

- (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company; and
- (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets or any analogous procedure or step is taken in any jurisdiction.

## **14.7 Creditors' Process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding SEK 20,000,000 and is not discharged within 60 days.

## **14.8 Impossibility or Illegality**

It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable.

## **14.9 Continuation of the Business**

The Issuer or any other Material Group Company ceases to carry on its business, except for as a part of a merger, demerger or disposal carried out in accordance with the Terms and Conditions.

## **14.10 Acceleration of the Bonds**

- (a) Upon the occurrence of an Event of Default which is continuing the Agent is entitled to, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not only some, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines (but such date may not fall after the Final Maturity Date), and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) The Agent may not accelerate the Bonds in accordance with Clause 14.11(a) by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Agent shall notify the Bondholders 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. 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 Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 16 (Decisions by Bondholders). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- (d) If the Bondholders instruct (representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such instruction may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly)) the Agent to accelerate the Bonds, the Agent shall, promptly declare the Bonds due and payable and take such actions as, in the opinion of the Agent, may be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) In the event of an acceleration of the Bonds in accordance with this Clause 14.11, the Issuer shall redeem all Bonds with an amount per Bond together with a premium on the due and payable amount as set forth in the Call Option Amount for the relevant period and, shall for the non-call period (until the First Call Date) be the price set out in paragraph (a) of the Call Option Amount definition (plus accrued and unpaid interest).

## **15**

### **Distribution of Proceeds**

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (*Events of Default and Acceleration of the Bonds*) 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
  - (i) *first*, in or towards payment of the Agent and the Security Agent under the Finance Documents, including all costs and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights under the Finance Documents;
  - (ii) *secondly*, towards payment of accrued interest unpaid under the Bonds;
  - (iii) *thirdly*, towards payment of principal under the Bonds; and
  - (iv) *fourthly*, in or towards payment of any other costs or outstanding amounts under and in respect of the Bonds.

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

- (b) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security constitute escrow funds (Sw. *redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders 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.

## **16**

### **Decisions by Bondholders**

- (a) A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' 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 Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders 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 laws.
- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:

- (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (ii) on the Business Day specified in the communication pursuant to Clause 18(c), in respect of a Written Procedure,
- may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds (66 2/3) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):
    - (i) the issue of any Subsequent Bonds, if the total nominal amount of the Bonds exceeds, or if such issue would cause the total nominal amount of the Bonds to at any time exceed, SEK 1,000,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Bonds are issued);
    - (ii) waive a breach of or amend an undertaking set out in Clause 13 (*General Undertakings*) or Clause 12 (*Financial Covenant*);
    - (iii) a release of the Transaction Security, except in accordance with the terms of the Security Documents;
    - (iv) the exchange of Bonds for any other securities;
    - (v) reduce the principal amount, interest rate or interest amount which shall be paid by the Issuer;
    - (vi) amend any payment day for principal or interest amount or waive any breach of a payment undertaking, or
    - (vii) amend the provisions regarding the majority requirements under the Terms and Conditions.
  - (f) Any matter not covered by Clause 16(e) shall require the consent of Bondholders representing more than 50 per cent. of the Outstanding Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c). 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 19(a)(i) or 19(a)(iii)), an acceleration of the Bonds, or the enforcement of any Transaction Security.
  - (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent of the Adjusted Nominal Amount in relation to Clause 16(e) and at least twenty (20) per cent. of the Adjusted Nominal Amount in relation to Clause 16(f):
    - (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
    - (ii) if in respect of a Written Procedure, reply to the request.
  - (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17(a)) or initiate a second Written Procedure (in

accordance with Clause 18(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 16(g) shall not apply to such second Bondholders' Meeting or Written Procedure.

- (i) 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 appropriate.
- (j) A Bondholder holding more than one Bond 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.
- (k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' 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.
- (l) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (m) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (n) If a decision shall be taken by the Bondholders 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 Bonds owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company.
- (o) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Group and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## 17 Bondholders' Meeting

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 17(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 20.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be

necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 17(a).

- (c) The notice pursuant to Clause 17(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders), (iv) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **18 Written Procedure**

- (a) The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 18(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) 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 (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the effectiveness of the communication pursuant to Clause 18(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16(e) and 16(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16(e) or 16(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **19 Amendments and Waivers**

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:

- (i) the Agent is satisfied that such amendment or waiver is not detrimental to the interest of the Bondholders as a group;
  - (ii) the Agent is satisfied that such amendment or waiver is made solely for the purpose of rectifying obvious errors and mistakes;
  - (iii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
  - (iv) such amendment will not negatively affect the Bondholders or the Agent and is necessary for the purpose of the listing of the Bonds pursuant to Clause 13.8 (*Listing*); or
  - (v) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 19(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.3 (Publication 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.
- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## **20 Appointment and Replacement of the Agent**

### **20.1 Appointment of Agent**

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds 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 Bonds held by such Bondholder including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security; and
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent and the Security Agent to act on its behalf, as set forth in Clause 20.1(a).
- (c) Each Bondholder shall immediately upon request provide the Agent and the Security Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent or the Security Agent, as applicable), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. Neither the Agent nor the Security Agent is under any obligation to represent a Bondholder which does not comply with such request.

- (d) The Issuer shall promptly upon request provide the Agent and the Security Agent with any documents and other assistance (in form and substance satisfactory to the Agent or the Security Agent, as applicable), that the Agent or the Security Agent, as applicable deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (e) The Agent is entitled to fees for its work 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.
- (f) 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.

## **20.2 Duties of the Agent**

- (a) The Agent shall represent the Bondholders subject to and in accordance with the Finance Documents, including, inter alia, holding the Transaction Security pursuant to and the Security Documents on behalf of the Bondholders and, where relevant, enforcing the Transaction Security on behalf of the Bondholders. The Agent is not responsible for the content, valid execution, legal validity or enforceability of the Finance Documents or the perfection of the Transaction Security.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Agent only acts in accordance with the Finance Documents and upon instructions from the Bondholders, unless otherwise set out in the Finance Documents. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other Person.
- (d) The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Finance Documents, or to take any steps to ascertain whether any Event of Default (or any event that may lead to an Event of Default) has occurred. Until it has actual knowledge to the contrary, the Agent is entitled to assume that no Event of Default (or any event that may lead to an Event of Default) has occurred.
- (e) The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (f) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders 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.
- (g) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the

purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default, (ii) a matter relating to the Issuer or the Transaction Security which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents or (iii) as otherwise agreed between the Agent and the Issuer. 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).

- (h) 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 law or regulation.
- (i) 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 Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, or the Bondholders (as applicable), 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.
- (j) Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (k) The Agent shall give a notice to the Bondholders (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 20.2(g).

### **20.3 Limited liability for the Agent**

- (a) The Agent will not be liable to the Bondholders 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 loss.
- (b) 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 addressed 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 Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) 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 Bondholders, 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.
- (d) The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with the Finance Documents.

- (e) 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 Bondholders under the Finance Documents.
- (f) The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or by any other person.

## **20.4 Replacement of the Agent**

- (a) Subject to Clause 20.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 20.4(f), 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.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders 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 Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) 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.
- (f) The Agent's resignation or dismissal shall only take effect upon 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.
- (g) 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 Bondholders 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.
- (h) In the event that there is a change of the Agent in accordance with this Clause 20.4, 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 agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

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## **Appointment and Replacement of the Issuing Agent**

- (a) The Issuer appoints the 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 Bonds.
- (b) The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

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## **No Direct Actions by Bondholders**

- (a) A Bondholder may not take any steps whatsoever against the Issuer 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 (Sw. företagsrekonstruktion) or bankruptcy (Sw. konkurs) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 22(a) shall not apply if the Agent has been instructed by the Bondholders 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 Bondholder to provide documents in accordance with Clause 20.1(c)), 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 by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 20.2(i), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2(k) before a Bondholder may take any action referred to in Clause 22(a).
- (c) The provisions of Clause 22(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 9.5 (*Mandatory repurchase (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

**23**

## **Prescription**

- (a) The right to receive repayment of the principal of the Bonds 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 Bondholders' right to receive payment has been prescribed and has become void.

- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskrivningslag* (1981:130)), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, 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 Swedish Act on Limitations.

## 24 Notices

### 24.1 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
- (i) 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;
  - (ii) if to the Issuer, to the following address:
    - (A) Legres AB (publ)  
c/o Marginalen AB  
Att. Ewa Glennow  
SE-100 41, Stockholm  
Sweden; or
    - (B) if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time.
  - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery (to the extent it is possible to deliver by way of courier to the addresses registered with the CSD) or letter for all Bondholders.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
- (c) 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 and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 24.1(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 24.1(a).
- (d) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.

## 25 Force Majeure and Limitation of Liability

- (a) 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 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.

- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) 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.
- (d) The provisions in this Clause 25 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

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### **Governing Law and Jurisdiction**

- (a) 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.
- (b) The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*).

## **Addresses**

### **Issuer**

Legres AB (publ)  
P.O. Box 26134  
100 41 Stockholm  
Tel.: 010-495 10 00

### **Bookrunner and Issuing Agent**

Skandinaviska Enskilda Banken AB (publ)  
Kungsträdgårdsgatan 8  
111 47 Stockholm  
Tel.: 08-76350000

### **Agent**

Nordic Trustee & Agency AB (publ)  
Norrländsgatan 23  
111 43 Stockholm  
Tel.: 08-7837900

### **Auditor**

Deloitte AB  
Rehnsgatan 11  
113 79 Stockholm  
Tel.: 0752-462000

### **Legal counsel**

Advokatfirman Vinge KB  
Stureplan 8  
Box 1703  
111 87 Stockholm  
Tel.: 010 614 30 00

### **Central Securities Depository**

Euroclear Sweden AB  
Klarabergsviadukten 63  
111 64 Stockholm  
Tel.: 08-4029000