

The logo for SECOP, featuring the word "SECOP" in white, bold, uppercase letters inside a black rectangular box with a slight drop shadow.

## **Secop Group Holding GmbH**

relating to the listing of

**EUR 50,000,000 Senior Secured Floating Rate Bonds due 2024**

ISIN: NO0010887508

**Sole Bookrunner**

The logo for Pareto Securities, featuring the word "Pareto" in a dark blue serif font with a stylized blue arc above the letter 'P', and the word "Securities" in a lighter blue sans-serif font below it.

**Prospectus dated 28 July 2021 and valid up to 28 July 2022. The Issuer's obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid**

## IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by Secop Group Holding GmbH (the "**Issuer**", or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a limited liability company incorporated in Germany, having its headquarters located at the address, Mads-Clausen Str. 7 24939 Flensburg, Germany, with reg. no. HRB 14025 FL, in relation to the application for the listing of the senior secured floating rate bonds denominated in EUR (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). Pareto Securities AB has acted as Sole Bookrunner in connection with the issue of the Bonds (the "**Sole Bookrunner**"). This Prospectus has been prepared in accordance with the standards and requirements of Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council (the "**Regulation**") and the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 and repealing Commission Regulation (EC) No 809/2004.

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") as the competent authority under the Regulation. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the bonds that are subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 55 (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 the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

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 is made otherwise than pursuant to an exemption from registration under the Securities Act.

The offering is not made to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Italian Republic, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S. person), or 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 "**Risk factors**" below.

Interest payable on the Bonds will be calculated by reference to EURIBOR. As at the date of this Prospectus, only the administrator of EURIBOR, the European Money Markets Institute (the "**EMMI**"), appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (the "**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**").

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.

## TABLE OF CONTENTS

<b>Summary .....</b>	<b>2</b>
<b>Risk Factors .....</b>	<b>10</b>
<b>The Bonds in Brief .....</b>	<b>28</b>
<b>Statement of Responsibility .....</b>	<b>34</b>
<b>Description of Material Agreements .....</b>	<b>35</b>
<b>Description of The Group.....</b>	<b>37</b>
<b>Management of the Issuer.....</b>	<b>46</b>
<b>Management of the Guarantors.....</b>	<b>46</b>
<b>Historical Financial Information .....</b>	<b>48</b>
<b>Other Information .....</b>	<b>53</b>
<b>Terms and Conditions of the Bonds.....</b>	<b>55</b>
<b>Addresses .....</b>	<b>125</b>

## Summary

### Introduction and Warnings

<b>Introduction and warnings:</b>	<p>This Prospectus has been drawn up in relation to the admission to trading of the 50,000 Bonds relating to the EUR 50,000,000 senior secured floating rate bonds due 28 January 2024 issued by the Issuer.</p> <p>This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Investors in the Bonds may lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability can only be imposed on those persons who have put forward the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
<b>Legal and commercial name of the Issuer and its ISIN and LEI</b>	<p>The legal and commercial name of the Issuer is Secop Group Holding GmbH. The Issuer is a limited liability company incorporated under the laws of Germany, with reg. no. HRB 14025 FL and with its registered office at, Mads-Clausen Str. 7 24939 Flensburg, Germany and telephone number +49 461 4941-0. The registered office of the Board of Directors is, Mads-Clausen Str. 7 24939 Flensburg, Germany and the Issuer's head quarter is located at, Mads-Clausen Str. 7 24939 Flensburg, Germany. The Issuer's legal entity identifier code ("<b>LEI Code</b>") is 3912009IWWPURB35WO49. The Bonds are identified by the ISIN NO0010887508.</p>
<b>Identity and contact details of the competent authority approving the prospectus</b>	<p>Finansinspektionen (the "<b>SFSA</b>") has its registered office at Brunnsgratan 3, P.O Box 7821, SE-103 97 Stockholm, with telephone number (+46) (0)8 408 980 00, email address finansinspektionen@fi.se and website www.fi.se.</p>
<b>Date of approval of the prospectus</b>	<p>The SFSA has, in its capacity as competent authority under the Prospectus Regulation, on 28 July 2021, approved this Prospectus.</p>
<b>KEY INFORMATION ON THE ISSUER</b>	
<b>Who is the issuer of the securities?</b>	<p>The legal and commercial name of the Issuer is Secop Group Holding GmbH. The Issuer is a limited liability company incorporated under the laws of Germany, with reg. no. HRB 14025 FL and its registered office is Mads-Clausen Str. 7 24939 Flensburg, Germany. The Issuer's LEI Code is 3912009IWWPURB35WO49. The Issuer operates under the laws of Germany, and is subject to regulations such as, <i>inter alia</i>, the German Commercial Code (De. <i>Handelsgesetzbuch</i>).</p>
<b>Principal activities of the Issuer/Group</b>	<p>Secop is an expert within advanced hermetic compressor technologies and cooling solutions in commercial refrigeration and develop high performance static and mobile cooling solutions for the leading international commercial refrigeration businesses. This includes delivery of advanced refrigeration compressors and controls, providing customers with tailored sustainable solutions for light commercial, battery driven, and special cooling applications. Secop has a long track record in energy-efficient and green refrigerants projects with innovative solutions for both compressors and control electronics. The Group has approximately 1,481 employees worldwide with production sites in Slovakia and China as well as subsidiaries (sale and R&amp;D) in Germany, Austria, Slovakia, China, Italy and the USA. The corporate headquarter is located in Flensburg (Germany).</p>

<b>Major shareholders</b>	As at the date of this Prospectus the Issuer is wholly owned by Dilasso Bath Invest S.à r.l., a limited liability company under the laws of Luxembourg ("Dilasso").																				
	Following table shows major shareholders of Dilasso as of the date of this Prospectus.																				
	<table border="1"> <thead> <tr> <th>Shareholder</th> <th>Holdings, %</th> </tr> </thead> <tbody> <tr> <td>ESSVP IV L.P.</td> <td>41,51</td> </tr> <tr> <td>Crown Co-Investment Opportunities II</td> <td>18,99</td> </tr> <tr> <td>ESSVP IV (Structured) L.P.</td> <td>15,73</td> </tr> <tr> <td>Helius GmbH &amp; Co. KG</td> <td>10,86</td> </tr> <tr> <td>Silenos GmbH &amp; Co. KG</td> <td>4,55</td> </tr> <tr> <td>Crown Premium Private Equity VII Master S.C.S.</td> <td>3,44</td> </tr> <tr> <td>Crown Europe Small Buyouts V S.C.S.</td> <td>1,82</td> </tr> <tr> <td>Others</td> <td>3,1</td> </tr> <tr> <td><b>Total</b></td> <td><b>100,00</b></td> </tr> </tbody> </table>	Shareholder	Holdings, %	ESSVP IV L.P.	41,51	Crown Co-Investment Opportunities II	18,99	ESSVP IV (Structured) L.P.	15,73	Helius GmbH & Co. KG	10,86	Silenos GmbH & Co. KG	4,55	Crown Premium Private Equity VII Master S.C.S.	3,44	Crown Europe Small Buyouts V S.C.S.	1,82	Others	3,1	<b>Total</b>	<b>100,00</b>
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The shares of the Issuer are denominated in EUR. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Issuer had an issued share capital of EUR 25,000 divided into 25,000 of shares.																					
<b>Executive Management</b>	The Executive Management consists of a team of five people. Dr. Andreas J. Schmid (Chief Executive Officer), Frank Elsen (Chief Financial Officer), Dr. Philipp v. Stietencron (Chief Commercial Officer), Dr. Jan Ehlers (Chief Operation Officer) and Fabricio Possamai (Chief R&D Officer).																				
<b>Auditor</b>	Warth & Klein Grant Thornton AG, Niederlassung Hamburg, Kleiner Burstah 12, 20457 Hamburg, Germany, is the Issuer's auditor since 31 December 2019. Eric Pritsch is the auditors who is responsible for the Company since 31 December 2019 and he is a German Public Auditor. Warth & Klein Grant Thornton AG is a State Authorized Public Accountant in Germany and a member of the relevant professional body, the professional institute for the accountancy sector in Germany.																				
<b>What is the key financial information regarding the Issuer?</b>																					

<b>Financial information</b>	The table below sets out a summary of the key financial information extracted from the Issuer's financial report for the period ending 2019 and 2020 (in thousands of EUR)		
	<b>Condensed income statement</b>	<b>2020</b>	<b>2019</b>
	Total operating profit (+)/loss(-)	-24,775	+72,143
	<b>Condensed balance sheet</b>	<b>2020</b>	<b>2019</b>
	Net financial debt	34,476	-6,772
	<b>Condensed cash-flow statement</b>	<b>2020</b>	<b>2019</b>
	Cash flow from operating activities	31,224	-14,204
	Cash flow from financing activities	-27,513	121,002
	Cash flow from investment activities	-1,238	-79,992
<b>Audit qualifications</b>	There are no qualifications in the audit reports pertaining to the Issuer's annual financial statements for the financial years ending 2019 and 2020.		
<b>What are the key risks that are specific to the Issuer?</b>			
<b>Coronavirus disease (COVID-19) risks</b>	<p>The 2019 novel coronavirus ("COVID-19") outbreak is currently having an indeterminable adverse impact on the world economy. COVID-19 was reportedly first discovered in Wuhan, Hubei Province, China, in 2019, and the World Health Organization declared COVID-19 a pandemic on 11 March 2020. The COVID-19 outbreak has become a widespread health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, in February to April 2020 the COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity worldwide. The trading price of the Bonds, once issued, may therefore be adversely affected by the economic uncertainty caused by COVID-19. The Group's product portfolio and operations with diversified end markets has helped mitigating the effects of COVID-19 on the Group, with marginal expected effects on food retail, high expected effect on food service and automotive, limited effect on coolers and freezers (due to seasonality) and positive for medical equipment. Food service end customers represents a large portion of the Group's end customers. If the COVID-19 pandemic continues over an extended period of time, this will have a material adverse effect on this segment. It is also likely that other end customers will be affected to a greater extent in a pro-longed COVID-19 situation. Furthermore, there are supply chain related restrictions to be recognized as a consequence of the COVID-19 pandemic. Various components are difficult to source, have a longer lead time than in the past or become more expensive. A pro-longed COVID-19 pandemic would therefore have a material adverse effect on the Group's business, financial condition and results of operations.</p>		
<b>General economy, end-user markets and product demand</b>	<p>The economic situation on the global market affects the Group's business, result and financial position. The demand for the Group's products and services depends on the level of planned capital and maintenance expenditures by the end-customers. The level of capital and maintenance expenditures, such as the food retail and service industry and well as transportation sector, by the end-customers depends, in turn, on general economic conditions, availability of credit and economic conditions. Therefore, adverse changes in the economy would have a material negative effect on the Group's business, earnings or financial position.</p> <p>The Group faces risks arising from developments in the end-user markets where it and its customers operates. In particular, broader industry and end-user trends, including consumer confidence and other economic factors may negatively affect the demand for the Group's products. For instance, in the coming years the Group expects a growing demand for applications supporting the chilled food and beverages industry driven by an increase in demand for, <i>inter alia</i>, convenient and healthy foods</p>		

	<p>as well as frozen products. This combined with a shift from centralized system solutions to effective plug-in systems and increased global efforts on eco-friendliness may drive an increased demand for the Group's products. However, if projected end-user demand declines or the eco-trend fades, this may result in lower than expected sales of the Group's products.</p> <p>The Group is dependent upon its ability to produce, sell and develop new products and services and render such products and services successful within existing and new market segments. Further, the Group must also be able to develop its existing products in order to stay competitive and to avoid losing market shares to competitors. Research and development efforts of new products are costly and always entail a risk of unsuccessful commercialisation. In addition, there is a risk that the Group is not successful in its attempts to preserve and develop its product segment. If the Group is not successful in its research and development, this would have an adverse effect on the Group's business, earnings or financial position.</p>
<b>Currency risks</b>	<p>Since the Issuer operates in various countries, a large portion of its expenses and a portion of its sales are in currencies other than EUR, principally USD and Chinese RMB. Typically, the Issuer's costs and the corresponding sales are denominated in different currencies, and the Group's results of operations are consequently impacted by currency exchange rate fluctuations.</p> <p>The Issuer presents its financial statements in EUR. As a result, the Group must translate the assets, liabilities, revenue and expenses of all of its operations with functional currencies other than EUR into EUR at then-applicable exchange rates. Consequently, increases or decreases in the value of the currency EUR may affect the value of these items with respect to the Group's non-EUR businesses in its consolidated financial statements, even if their values have not changed in their original currency. These translations could significantly affect the comparability of the Issuer's results between financial periods or result in significant changes to the carrying value of the Group's assets, liabilities and equity.</p> <p>The sales and costs of the relevant jurisdictions typically correspond to an extent which allows the Group to achieve natural currency hedges. Should the sales and costs in the future not correspond accordingly, the Group may have to put currency hedging arrangements in place to mitigate foreign currency exposure. The Group regularly monitors its exposure to foreign currency to determine if it is appropriate to utilize hedges or not. If the Issuer does hedge its currency exposure, the Group may not hedge all of its foreign currency risk and may not be able to hedge at favorable rates, or at all, and currency fluctuations may move in such a manner that causes the Issuer to incur losses on its hedging arrangements. The Issuer may not, at all times, be able to effectively manage its currency transaction and translation risks as desired, which could have a negative effect on the Group's earnings and financial position.</p>
<b>Suppliers, raw material and logistics</b>	<p>The Group is exposed to risks relating to fluctuations in the prices of the materials used in the Group's production, including raw metals (e.g. steel or copper). If the price for the products and raw materials used in the Group's products increases the Group will not in the short-term be able to add such increased costs on its customers and hence increase in the price of products and raw materials would have an adverse effect on the Group's earnings and financial position.</p> <p>The Group uses a number of suppliers in its business activities, many of whom are based and operate in emerging markets. If suppliers stop working with the Group or if they are unable to supply their goods for any other reason (including social, political or economic reasons commonly associated with developing economies) and the Group is unable to adequately replace such suppliers within the desired period or ensure continued product quality and on conditions favourable to the Group, this could result in increased costs or delays to the Group and adversely affect the Group's long-term reputation among its customers which could adversely affect the Group's business, results of operations and financial condition.</p> <p>Further, the Group is a supplier to itself as it manufactures compressors and supplies those through its distribution network to other manufacturers who insert the compressors into their end-product. The Group has supplier agreements in place and pursuant to these the Group could be held liable for failures to supply products on the relevant terms of the supply agreements, which consequently</p>

	could negatively affect the Group's earnings and results of operations, should such issues materialise.
<b>KEY INFORMATION ON THE SECURITIES</b>	
<b>What are the main features of the securities?</b>	
<b>Governing law, type, class and ISIN</b>	The Terms and Conditions of the Bonds are governed by Swedish law. The Bonds are senior secured floating rate bonds with ISIN: NO0010887508.
<b>Currency, denomination, par value, the number of securities issued and the term of the securities</b>	The Bonds are denominated in EUR. The Initial Nominal Amount of each Bond is EUR 1,000 and the minimum permissible investment in the Initial Bond Issue is EUR 100,000. The Issuer has issued a total of 50,000 bonds in an initial aggregate amount of EUR 50,000,000 on the First Issue date of 28 July 2020, and may also issue Subsequent Bonds up to an aggregate principal amount of EUR 85,000,000, pursuant to the Terms and Conditions. The final maturity date of the Bonds is 28 January 2024.
<b>Rights attached to the securities</b>	<p>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.</p> <p>The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the first following Business Day.</p> <p>The Issuer has the right to redeem outstanding Bonds in full at any time at the applicable Call Option Amount in accordance with the Terms and Conditions.</p>
<b>Ranking</b>	The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank (i) without any preference among them and (ii) at least <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except (A) those obligations which are mandatorily preferred by law and (B) the super senior ranking of the Super Senior Debt in accordance with the Intercreditor Agreement (if any).
<b>Transfer Restrictions</b>	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.
<b>Payout policy</b>	The Bonds Interest Payment Dates are quarterly each year 28 July, 28 October, 28 January and 28 April commencing on 28 October 2020. Interest will accrue from (but excluding) the Issue Date. The last interest payment date shall be the Final Maturity Date of 28 January 2024 (or such earlier date on which the Bonds are redeemed in full). The Bonds carry an interest of three (3) month EURIBOR (with a floor of zero per cent.) plus margin of 6.75 per cent. <i>per annum</i> , but if a Vendor Claim Event occurs, 9.25 per cent. <i>per annum</i> .
<b>Where will the securities be traded?</b>	
<b>Trading</b>	The Initial Bonds will be admitted to trading at Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market.



<b>Is there a guarantee attached to the securities?</b>	
<b>Nature and scope of the guarantee</b>	The Guarantors have agreed to jointly and severally guarantee the full and punctual payment and performance of all Secured Obligations, including the payment of principal and interest under the Senior Finance Documents (as defined in the Issuer Intercreditor Agreement as defined below) when due, whether at maturity, by acceleration, by redemption or otherwise, and interest on any such obligation which is overdue, and of all other monetary obligations of the Issuer to the Secured Parties under the Senior Finance Documents.
<b>Guarantors</b>	<p>The Issuer's obligations under the Bonds are jointly and severally guaranteed by each of the following entities:</p> <ul style="list-style-type: none"> <li>• Secop GmbH, a limited liability company incorporated in Germany since 3 February 2010. Secop GmbH is registered with the Flensburg local court with reg. no. HRB 8698 FL operating under the laws of Germany with LEI code 529900YZAYQSSH7KL969; and</li> <li>• Secop s.r.o., a limited liability company incorporated in Slovakia since 24 October 2000. Secop s.r.o. is registered with the commercial registry of the district court Nitra with reg. no. 35 800 399 operating under the laws of Slovakia and has no LEI code.</li> </ul>
<b>Material risk factors pertaining to the Guarantors</b>	
<b>Risks relating to the guarantees</b>	<p>Although the Group's obligations towards the Bondholders under the Bonds to a limited extent are guaranteed, there is risk that any enforcement of claims under the guarantees would be insufficient to satisfy all amounts owed to the Bondholders at the time of enforcement. Furthermore, guarantors are not restricted from granting any additional guarantees. If the guarantors were to guarantee any other obligations, there is a risk that guarantees granted towards the current Bondholders would be impaired.</p> <p>Any guarantees of the Issuer's obligations under the Bonds from the Issuer's subsidiaries are limited by relevant financial assistance rules and corporate benefit principles.</p> <p>If the Issuer were to be unable to make repayment under the Bonds, there is a risk that the Bondholders would find it difficult or impossible to recover the amounts owed to them under the Bonds. There is a risk that the guarantees granted in respect of the Bonds will be insufficient in respect of any of the Issuer's obligations under the Bonds in the event the Issuer becomes insolvent.</p> <p>The payment obligations of the Issuer under the Bonds will be structurally subordinated to payment obligations owed to creditors of the subsidiaries of the Issuer and the subsidiaries of such subsidiaries. The Guarantors will unconditionally and irrevocably guarantee the payment obligations of the Issuer under the Bonds. The Bonds will accordingly have the benefit of a direct claim on the Guarantors but not on all members of the Group. The benefit of the Guarantees is also limited by the provisions of the Intercreditor Agreement and general German law provisions.</p> <p>There is a risk that guarantees granted under the Bonds could be unenforceable or that enforcement of the claims under the guarantees could be delayed according to Swedish law, German law, Slovakian law or any other applicable laws. Should claims be unenforceable, delayed or subject to a certain degree of uncertainty, there is a risk that this would have a significant negative effect on the likelihood of the Bondholders receiving the amounts owed to them under the Bonds.</p>
<b>What are the key risks that are specific to the securities?</b>	
<b>Risks related to the Issuer intercreditor arrangements</b>	The Issuer have incurred additional debt under a super senior revolving credit facility (the " <b>Super Senior RCF</b> ") which, in accordance with the terms of an Intercreditor Agreement (as defined below), rank senior to the Bonds. Further, the Issuer may incur additional financial indebtedness which will rank <i>pari passu</i> with the Bonds. The relation between certain of the Issuer's creditors (jointly the " <b>Secured Creditors</b> ") and the security agent will be governed by an intercreditor agreement (the " <b>Intercreditor Agreement</b> "). Although the obligations under the Bonds and certain other obligations

	<p>of the Group towards the bondholders and the Secured Creditors will be secured by first priority security, there is a risk that the proceeds of any enforcement sale of the security assets will not be sufficient to satisfy all amounts then owed to the Secured Creditors. Furthermore, if the Issuer issues subsequent Bonds, the security position of the current bondholders may be impaired.</p> <p>The security agent will in accordance with the Intercreditor Agreement in some cases take instructions from a super senior representative under the Super Senior RCF. There is a risk that the security agent and/or a super senior representative under the Super Senior RCF will act in a manner or give instructions not preferable to the bondholders. In addition, the security agent will in some cases take instructions from a senior representative, being those senior creditors whose senior debt at that time aggregate to more than 50 per cent of the total senior debt. If the outstanding senior debt towards other senior creditors than the bondholders exceed the obligations under the Bonds, the bondholders will therefore not be in a position to control the enforcement procedure.</p> <p>If the outstanding obligations of the Group towards other Secured Creditors than the bondholders increase, there is a risk that the security position of the bondholders is impaired. Furthermore, there is a risk that the security will not at all times cover the outstanding claims of the Secured Creditors.</p> <p>The Intercreditor Agreement will also contain provisions regarding the application of proceeds from an enforcement of security where any agent will receive payments first, secondly any creditor under any super senior debt, thirdly any creditor <i>pro rata</i> under any senior debt (including the bondholders) and lastly any creditor under any shareholder, intercompany and subordinated debt. There is a risk that the enforcement proceeds will not be sufficient in order for the Issuer to satisfy the waterfall provisions above.</p>
<b>KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET</b>	
<b>Under which conditions and timetable can I invest in this security?</b>	
<b>Expected timetable for the offering</b>	Not applicable. This Prospectus is issued in conjunction with an admission on Nasdaq Stockholm (or another Regulated Market) and there is no offer to acquire the Bonds.
<b>Details of the admission to trading on Nasdaq Stockholm</b>	This Prospectus has been prepared for the admission to trading of the 50,000 Bonds on the corporate bond list of Nasdaq Stockholm (or another Regulated Market). This Prospectus does not contain and does not constitute an offer or a solicitation to buy or sell Bonds.
<b>Listing costs</b>	The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 400,000.
<b>Expenses charged to the Bondholders by the Issuer</b>	No costs will be borne by the Bondholders.
<b>Why is this Prospectus being produced?</b>	
<b>Reason for the admission to trading on a regulated Market</b>	This Prospectus has been prepared to enable the Initial Bonds to be admitted to trading on the corporate bond list of Nasdaq Stockholm (or another Regulated Market) which is a requirement from the Bondholders and as set out in the Terms and Conditions.

<b>Use and net amount of proceeds</b>	The net amount of proceeds from the Initial Bond Issue is EUR 50,000,000 and the Issuer has used the proceeds to (i) repay the Bridge Financing, (ii) pay Transaction Costs, and (iii) finance general corporate purposes of the Group.
<b>Material conflicts</b>	The Sole Bookrunner and/or its affiliates have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Sole Bookrunner 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.

## Risk Factors

*Risk factors deemed to be of importance for Secop Group Holding GmbH, reg. no. HRB 14025 FL (the "Issuer"), and its subsidiaries (together with the Issuer the "Group" and each a "Group Company") the Group's business and future development and risks relating to the Issuer's senior secured fixed rate bonds with ISIN NO0010887508 (the "Bonds") are described below. The risk factors presented below are categorised as "RISKS RELATING TO THE GROUP" or "RISKS RELATING TO THE BONDS" on the basis of whether they pertain to the Group or to the Bonds. The risk factors categorised as "RISKS RELATING TO THE GROUP", are categorised as risk factors pertaining to the Group and not as risk factors pertaining to the Issuer, as the major part of the business operations of the Group are conducted by the Issuer's subsidiaries. The materiality of the risk factors is disclosed by the use of a qualitative ordinal scale of low, medium or high. The assessment of the materiality of the risk factors have been based on the probability of their occurrence and the expected magnitude of their negative impact.*

### RISK RELATING TO THE GROUP

#### Market specific risks

*Medium level risk*

##### **Coronavirus disease (COVID-19) risks**

The 2019 novel coronavirus ("**COVID-19**") outbreak is currently having an indeterminable adverse impact on the world economy. COVID-19 was reportedly first discovered in Wuhan, Hubei Province, China, in 2019, and the World Health Organization declared COVID-19 a pandemic on 11 March 2020. The COVID-19 outbreak has become a widespread health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, in February to April 2020 the COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity worldwide. The trading price of the Bonds, once issued, may therefore be adversely affected by the economic uncertainty caused by COVID-19. The Group's product portfolio and operations with diversified end markets has helped mitigating the effects of COVID-19 on the Group, with marginal expected effects on food retail, high expected effect on food service and automotive, limited effect on coolers and freezers (due to seasonality) and positive for medical equipment. Food service end customers represents a large portion of the Group's end customers. If the COVID-19 pandemic continues over an extended period of time, this will have a material adverse effect on this segment. It is also likely that other end customers will be affected to a greater extent in a pro-longed COVID-19 situation. Furthermore, there are supply chain related restrictions to be recognized as a consequence of the COVID-19 pandemic. Various components are difficult to source, have a longer lead time than in the past or become more expensive. A pro-longed COVID-19 pandemic would therefore have a material adverse effect on the Group's business, financial condition and results of operations.

*Medium level risk*

##### **General economy, end-user markets and product demand**

The economic situation on the global market affects the Group's business, results and financial position. The demand for the Group's products and services depends on the level of planned capital and maintenance expenditures by the end-customers. The level of capital and maintenance expenditures, such as the food retail and service industry and well as transportation sector, by the end-customers depends, in turn, on general economic conditions, availability of credit and economic conditions. Therefore, adverse changes in the economy would have a material negative effect on the Group's business, earnings or financial position.

The Group faces risks arising from developments in the end-user markets where it and its customers operates. In particular, broader industry and end-user trends, including consumer confidence and other economic factors may negatively affect the demand for the Group's products. For instance, in the coming years the Group expects a growing demand for applications supporting the chilled food and beverages industry driven by an increase in demand for, *inter alia*, convenient and healthy foods as well as frozen products. This combined with a shift from centralized system solutions to effective plug-in systems and increased global efforts on eco-friendliness may drive an increased demand for the Group's products. However, if projected end-user demand declines or the eco-trend fades, this may result in lower than expected sales of the Group's products.

The Group is dependent upon its ability to produce, sell and develop new products and services and render such products and services successful within existing and new market segments. Further, the Group must also be able to develop its existing products in order to stay competitive and to avoid losing market shares to competitors. Research and development efforts of new products are costly and always entail a risk of unsuccessful commercialisation. In addition, there is a risk that the Group is not successful in its attempts to preserve and develop its product segment. If the Group is not successful in its research and development, this would have an adverse effect on the Group's business, earnings or financial position.

#### *Medium level risk*

##### **Currency risk**

Since the Issuer operates in various countries, a large portion of its expenses and a portion of its sales are in currencies other than EUR, principally USD and Chinese RMB. Typically, the Issuer's costs and the corresponding sales are denominated in different currencies, and the Group's results of operations are consequently impacted by currency exchange rate fluctuations.

The Issuer presents its financial statements in EUR. As a result, the Group must translate the assets, liabilities, revenue and expenses of all of its operations with functional currencies other than EUR into EUR at then-applicable exchange rates. Consequently, increases or decreases in the value of the currency EUR may affect the value of these items with respect to the Group's non-EUR businesses in its consolidated financial statements, even if their values have not changed in their original currency. These translations could significantly affect the comparability of the Issuer's results between financial periods or result in significant changes to the carrying value of the Group's assets, liabilities and equity.

The sales and costs of the relevant jurisdictions typically correspond to an extent which allows the Group to achieve natural currency hedges. Should the sales and costs in the future not correspond accordingly, the Group may have to put currency hedging arrangements in place to

mitigate foreign currency exposure. The Group regularly monitors its exposure to foreign currency to determine if it is appropriate to utilize hedges or not. If the Issuer does hedge its currency exposure, the Group may not hedge all of its foreign currency risk and may not be able to hedge at favorable rates, or at all, and currency fluctuations may move in such a manner that causes the Issuer to incur losses on its hedging arrangements. The Issuer may not, at all times, be able to effectively manage its currency transaction and translation risks as desired, which could have a negative effect on the Group's earnings and financial position.

*Low level risk*

**Risks relating to global macroeconomic conditions and the US-China trade conflict**

There is a risk that fluctuations in supply and demand on key trade routes for the Group such as Asia to Europe or Asia to North America could adversely affect Group's business, financial position and result of operation. A lengthy economic downturn, a decline in the gross domestic product growth rate and world import and export levels, and other geopolitical events could adversely affect the global transportation industry and trigger a decrease in demand for the Group's services. If any such event occurs the Group's business, financial position and result of operation could suffer a negative downturn.

The Group has two production facilities, one located in Slovakia and one in China. Recently both the US and the Chinese government has imposed tariffs on goods imported from the other. The Group has thus far been able to mitigate the effects of this conflict by providing a major share of its products from Slovakia to the US. Some of the Group's products are produced only in the Chinese plant and the Group is not able to relocate production of such products without incurring substantial costs. Products provided by Secop China to the US are subject to these tariffs and may be subject to further increase of tariffs. This, combined with the persistence of, or intensifying of, the current trade conflict could result adversely affect the Group's earnings and results of operations.

**Group and business specific risks**

*Medium level risk*

**Suppliers, raw materials and logistics**

The Group is exposed to risks relating to fluctuations in the prices of the materials used in the Group's production, including raw metals (e.g. steel or copper). If the price for the products and raw materials used in the Group's products increases the Group will not in the short-term be able to add such increased costs on its customers and hence increase in the price of products and raw materials would have an adverse effect on the Group's earnings and financial position.

The Group uses a number of suppliers in its business activities, many of whom are based and operate in emerging markets. If suppliers stop working with the Group or if they are unable to supply their goods for any other reason (including social, political or economic reasons commonly associated with developing economies) and the Group is unable to adequately replace such suppliers within the desired period or ensure continued product quality and on conditions favourable to the Group, this could result in increased costs or delays to the Group and adversely affect the Group's long-term reputation among its customers which could adversely affect the Group's business, results of operations and financial condition.

Further, the Group is a supplier to itself as it manufactures compressors and supplies those through its distribution network to other manufacturers who insert the compressors into their end-product. The Group has supplier agreements in place and pursuant to these the Group could be held liable for failures to supply products on the relevant terms of the supply agreements, which consequently could negatively affect the Group's earnings and results of operations, should such issues materialise.

*Low level risk*

**Risks relating to production**

Following the discontinuation of the production in Austria, the Group's entire production activities will be conducted at production facilities in Slovakia and China. An interruption or a disturbance - such as a strike, a breakdown, a labour dispute or a natural disaster - at any stage in the process may have a major impact on the Group's ability to fulfil its obligations to its customers in a timely manner, or at all. A comprehensive and lasting stop in the production may have a significant effect on the Group's ability to produce or distribute the relevant products. Further, the Group may have to pay damages or liquidated damages pursuant to its customer agreements in case of late delivery of the products. Such payments may not be covered by the Group's insurance, or not fully covered, resulting in a cost for the Group. Consequently, interruptions, disturbances or damages to production facilities or distribution hubs would have an adverse effect on the Group's business, earnings or financial position.

The Group's products are currently manufactured in Slovakia and China, countries with lower overall production cost than more developed countries. The developments in these countries are in many cases rapid and there are no guarantees as to how long the relatively low cost levels are maintained. Also distribution costs from the countries in which the products are manufactured to other members of the Group or to the Group's customers may increase as a result of an increase of the general price level in the affected countries. There is a risk that these increased costs cannot fully be transferred on to the Group's customers which would have an adverse impact on the Issuer's and/or the Group's operations, financial position and results.

*Low level risk*

**Complaints and product liability and liability for damages**

If the Group's products malfunction the group could be exposed to complaints. In such cases, the Group is normally obliged to correct or replace the defective products. There is always a risk that customers demand that suppliers cover costs in addition to replacing the product, such as the cost of dismounting, assembly and other ancillary costs. If a product causes damage to a person or property, the Group could be liable to pay damages. A product liability claim, may impact the Issuer's and/or the Group's operations, financial position and results adversely. Furthermore, there is no guarantee that the Group will be able to maintain an insurance cover under acceptable conditions or that future claims will not exceed or fall outside the scope of the Group's insurance coverage. Such costs could adversely impact the Group's operations, financial position and results. Claims may also be time consuming and burden the Group management's work.

The Group is active in markets where the supply or installation of defective goods can cause damage on property or personal injury and have negative consequences for constructions in which the products have been installed. Hence, even though the Group's warranties and other undertakings to some extent are insured, failure to deliver in time or breaches of warranties relating to products or product liability can therefore result in contractual penalties and substantial liability for the Group, which in turn can negatively affect the financial position of the Group.

*Low level risk*

**The failure or inability to protect the Issuer's intellectual property rights**

Continuous innovation and improvement of products, production techniques and processes are key elements for the success of the Issuer's business operations. Intellectual property rights, especially patents, are an integral part of protecting the Issuer's innovations. If the Issuer is not able to establish, protect and manage its intellectual property rights from third parties and intellectual property rights infringements, it could have a material effect on the Issuer's financial position.

Competitors, suppliers and customers may infringe on the Issuer's intellectual property rights which may result in disputes. Failure to establish, manage and protect intellectual property rights, as well as any claims or demands associated with intellectual property rights, may have an adverse effect on the Issuer's business, financial condition, results of operations and future prospects and, thereby on the Issuer's ability to fulfill its obligations under the Bonds as well as the market price and value of the Bonds.

*Low level risk*

**Risks related to technological developments**

The industry in which the Group operates is characterized by new technological developments that have resulted in, and will likely continue to result in, improvements in equipment functions and performance. As a result, the future success and profitability of industry participants will be dependent, in part, upon its ability to, improve existing services and related equipment, address the increasingly sophisticated needs of its customers and anticipate changes in technology and industry standards and respond to technological developments in a timely manner. The Group is focusing a lot of its efforts in this area and has various laboratories, patents while employing more than 100 R&D engineers and technicians. Part of the Group's success is that they are at the frontline of new developments which has in the past given the Group a competitive advantage. If the Group cannot retain its position as an industry leader in terms of research and development or if it is not successful in developing new equipment and technology, as well as keeping its existing equipment up to industry standards, in a timely and cost-effective manner, this it could materially adversely affect the Group's business and financial conditions.

*Low level risk*

**Environment**

The Group's business includes risks associated with operating industrial factories. The Group is exposed to risks of liability under e.g. environmental laws and regulations due to the production, storage, transportation, disposal and sale of materials that can cause contamination or personal



injury if released into the environment. Compliance with environmental laws involves cost of manufacturing, cost of registration/approval requirements, costs of transportation and storage of raw materials and finished products, as well as the costs of storage and disposal of waste. The Group may furthermore incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs for violations arising under environmental laws. In addition, the discovery of contamination arising from historical industrial operations at some of the Group's former and present factories may expose the Group to clean-up obligations and other damages. This applies even though the Group in respect of the factory located in Slovakia have relevant indemnities from the seller of the factory in place. There is a risk that non-compliance with environmental laws and liability arising in connection with any personal injuries or damages and damages to the environment would have a negative effect on the Group's business, result and financial position.

*Low level risk*

#### **Key persons**

The Group's future development depends largely on the skills, experience and commitment of its key persons which at the date of this investor presentation comprises of a core team of around 15 persons. These persons make strategic decisions for the Group and the Group companies and others are essential for the Group's research and development work. It is these persons who have the comprehensive knowledge of the Group and the relevant industries of the Group being the production and sale of compressors for refrigeration to the light commercial market. Therefore it is important for the Group's future business activities and development that it is able to retain these persons. If the Group should become unable to retain or recruit such persons, this would adversely impact the Group's current and future operations ultimately affecting the Group's business prospects and financial position.

*Low level risk*

#### **Competitive landscape**

The compressor industry is competitive. The Group has a number of competitors across different product categories, segments and geographic markets. It cannot be ruled out that these competitors will grow to be stronger in the future, for example, by means of further consolidation in the market or other technological advancements. The Group currently considers itself to be at the frontlines of technological advancement in the industry and this to be part of its competitive advantage and success. If the Group is not able to compete successfully against current as well as future competitors, especially in terms of keeping its position as an industry leader when it comes to research and development, it may have a negative effect on the Group's operations, earnings and financial position.

*Low level risk*

#### **Claims and litigation**

The Group could become involved in different disputes in connection with its operations or investments. Disputes may relate to *inter alia* agreements, product liability, intellectual property and claimed defects in delivered products or services. Such disputes may be costly, time consuming, relate to large amounts and may disrupt the normal business of the Group. Furthermore, the outcome of complicated disputes may be hard to predict. Although the Group

is not currently involved in any material dispute, there is a risk that future disputes may arise. Disadvantageous outcome in such disputes, if materialized, could have a negative effect on the Group's business, earnings or financial position.

*Low level risk*

**Risks relating to repayment under a vendor note**

Pursuant to the Majority Shareholders (as defined below) acquiring the Issuer, a vendor note was issued as part of the purchase price with the seller Nidec. Open discussion items prevail between the seller and the Issuer. In 2021, Nidec has started an arbitration procedure in Frankfurt (Germany) and both contract parties have open claims to each other and the arbitration is ongoing. Potential counterclaims of the Issuer are expected to be either netted against the deferred purchase price claim of the seller or through a separate payment. As of today the outcome of those negotiations is unclear and a negative outcome of such negotiations may have an adverse effect on the Group in terms of, *inter alia*, having to repay the vendor note plus interest accrued in full, having to allocate internal resources to handle the matter, potential costs of a dispute and unfavourable outcome of a possible dispute, which could result in negative effect on the Group's business, earnings or financial position.

## RISKS RELATING TO THE BONDS

### Risks relating to the nature of the Bonds

*Low level risk*

#### **Majority owner**

The Group is currently majority controlled by three majority investors (i) ESSVP IV L.P who, indirectly control 41.51 per cent. of the Issuer's ordinary shares, (ii) ESSVP IV (Secured) L.P. who indirectly control 15.73 per cent. of the Issuer's ordinary shares and (iii) Silenos GmbH & Co KG. who indirectly control 4.55 per cent. of the Issuer's ordinary shares (the "**Majority Shareholders**") and whose interests may conflict with the bondholders', particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. The Group contemplates to issue additional shares which could have an effect on the control of the Group.

A majority shareholder has legal power to control a large amount of the matters to be decided by vote at a shareholder's meeting. For example, a majority shareholder will have the ability to elect the board of directors. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have a material negative impact on the Group's operations, earnings and financial position.

Following a divestment by the current majority shareholders, the bondholders have a right of prepayment of the Bonds (put option). There is thus a risk that the Issuer does not have enough liquidity to repurchase the Bonds if the bondholders use its right of prepayment, see further under Section "*Put options*" below.

*Low level risk*

#### **Credit risks relating to the Bonds**

Investors in the Bonds carry a credit risk towards the Group. The investor'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 and its financial position. The credit risk and the Group's financial position is affected by several factors of which some have been mentioned in the above category "Risks relating to the Group". One such aspect of credit risk is that there is a risk that a deteriorating financial position of the Group will force the Group to refinance the Bonds instead of redeeming them. In case of a deteriorating financial position of the Group, this will reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds. There is a risk that an increased credit risk will cause the market to charge the Bonds a higher risk premium, which will affect the Bonds' value negatively. If the Issuer were to be unable to make repayment under the Bonds, there is a risk that the bondholders would find it difficult or impossible to recover the amounts owed to them under the Bonds, presenting a moderate risk in relation to the Bonds.

*Low level risk*

#### **Benchmark Regulation**

The process for determining EURIBOR and other interest-rate benchmarks is subject to a number of legislative acts and other regulations. Some of these acts and regulations have already been

implemented whilst some are set to be implemented in the near future. The most extensive initiative in this respect is the Benchmark Regulation (Regulation (EU) 2016/1011 of the European parliament and of the council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014). The Benchmark Regulation came into force on the 1 January 2018. The Benchmark Regulation addresses the provision of benchmarks, the contribution of input data to benchmarks and the use of benchmarks within the European Union. The effect of the Benchmark Regulation cannot yet be fully determined due, among other things, to the limited time period that the regulation has applied. However, there is a risk that the Benchmark Regulation will affect how certain benchmarks are determined and how they develop in the future. This could, for example, lead to increased volatility regarding some benchmarks. A further potential risk is that increased administrative requirements, and resulting regulatory risk, may discourage stakeholders from participating in the production of benchmarks, or that some benchmarks cease to be provided. If this would happen in respect of benchmark that is used for the Bonds, it could potentially have negative effects for the Bondholders.

## **Risks relating to security under the Bonds**

### *Medium level risk*

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

Although the Issuer's obligations towards the Investors under the Bonds are secured by (i) first priority pledges over the shares in certain Group companies, (ii) a global assignment agreement (relating to trade receivables (which are not subject to factoring arrangements) and intra-group receivables) granted by Secop GmbH, (iii) a pledge over intellectual property rights used in the Groups business held by Secop GmbH and Secop Holding GmbH, (iv) a business mortgage pledge over assets located in Slovakia and (v) a property mortgage pledge over real estate located in Slovakia. In relation to item (ii) above, the Group have certain factoring arrangements and the receivables assigned by the Group under such factoring arrangements will not form part of the security granted under the global assignment agreement granted by Secop GmbH. Further, it is not certain that the proceeds of any enforcement sale of the security assets would be sufficient to satisfy all amounts then owed to the Investors.

The bondholders are represented by Nordic Trustee & Agency AB (publ) as security agent (the "**Security Agent**") in all matters relating to the transaction security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security. Further, the transaction security is subject to certain hardening periods during which times the bondholders do not fully, or at all, benefit from the transaction security.

The Security Agent is entitled to enter into agreements with members of the Group or third parties or to take any other action necessary for the purpose of maintaining, releasing or enforcing the transaction security or for the purpose of settling, among other things, the bondholders' rights to the security.

As the obligations of the Issuer are secured by a number of instruments across various countries, in the event of bankruptcy or other similar event, multi-jurisdictional legal proceedings may be

instituted against the Group companies as providers of the securities. Such multi-jurisdictional proceedings can be complicated and costly for creditors and can result in greater uncertainty and delays regarding the enforcement of rights under all the relevant securitization instruments.

*Risks relating to German law transaction security*

Rules on capital maintenance

Enforcement of a guarantee or the security provided in accordance with the Terms and Conditions may be limited beyond the express limitations contained in the relevant guarantee or security agreements by the capital maintenance rules (*Kapitalerhaltungsregeln*) imposed by Section 30 et seq. of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*). The capital maintenance rules prohibit the direct and indirect repayment (such term to include payments pursuant to guarantees or security in favour of obligations of a direct or indirect shareholder) of registered share capital of a German limited liability company to its shareholders. Accordingly, enforcement may be limited if and to the extent that payments under or enforcement of the transaction security would directly or indirectly cause the net assets (*Reinvermögen*) of Secop GmbH to fall below the amount of its registered share capital.

In addition, German capital maintenance rules continue to be subject to evolving interpretation by the German courts.

There can be no assurance that these court rulings or any future court rulings may not adversely affect the enforceability of the guarantee or security provided under the German guarantee or security agreements.

Parallel Debt and Security Trustee

Pursuant to the transaction security documents, the Security Agent has its own separate and independent right to demand payment by the relevant German obligor of its respective obligations under the Bonds to it (a "**Parallel Obligation**"). There is an argument that the pledges created pursuant to German pledge agreements to secure such Parallel Obligation could be seen as an instrument to avoid the accessory nature of a pledge and/ or that the Parallel Obligation could be withdrawn (*kondiziert*) on the grounds of missing legal basis (*als rechtsgrundlos*). The concept of Parallel Obligation has not yet been tested in court. It is frequently seen in the market that a pledge is given to secure a parallel obligation."

*Risks relating to Slovakian law transaction security*

Risk of subordination

Under the Slovak Bankruptcy Act, any liability on the part of the Slovak entity whose creditor is or at any time during its existence was a person who is or was related to it (i) shall in bankruptcy of the assets of the Slovak entity in the Slovak Republic be automatically subordinated to any other non-subordinate obligations of the Slovak entity and its liability will not be satisfied before all other liabilities of the Slovak entity shall be satisfied to creditors who have filed their claims for bankruptcy against the assets of the Slovak entity; (ii) in any restructuring of the Slovak entity, such liabilities cannot be satisfied in the same or better way than any other non-

subordinate liability of the Slovak entity to creditors who have filed their claims against the restructuring of the Slovak entity.

Considering the Slovak Bankruptcy Act, this may mean that a creditor to a such liability may also be Bondholder who is not himself related to the Slovak entity. If he acquires Bonds that have previously been owned by a person related at any time in the past to the Slovak entity, his liability will be considered as subordinated within the meaning of previous paragraph. The subordination rule does not apply to any receivables of a creditor who is not related to the bankrupt and who, at the moment of acquiring a receivable arising from otherwise subordinated liability, did not and could not have known (even when acting with professional due care) that it/he/she was acquiring a such receivable. It is assumed that a creditor of any receivable under Bonds acquired during trading on a regulated market, multilateral trading system or similar foreign organised market was not aware of the subordinate nature of such a receivable.

#### Risk of insolvency of the guarantor

The payment under the guarantee may be restricted if the guarantor becomes insolvent in accordance with applicable laws and regulations governing insolvency. Insolvency of the guarantor may significantly limit the options of the Bondholders to satisfy their claims under the guarantee. Thus there is a risk that in the event of the exercise of the rights related to the guarantee, the money allocated to distribution to the Bondholders will not cover their receivables payable by the Issuer.

#### Risk of change of law in Slovakia

Until the maturity of the Bonds all the security instruments put in place in Slovakia are under the risk of change in the law, which cannot be currently predicted. With upcoming novelization of Slovakian private law including the civil code the changes occurring in the future may negatively affect the rights arising from the security or lead to their modification or restriction in a way that may have an adverse effect on the possibility of asserting and enforcing claims against the relevant providers of security.

#### Risk associated with a decrease in the value of the property over which the property mortgage pledge is put in place

If the value of pledged real estate decreases in the period following a real estate valuation, the security agent will not become aware of this until the moment of elaboration of the next planned valuation of real estate. Therefore, it cannot be ruled out that at the time of the eventual exercise of the pledge the value of the pledged real estate will be not sufficient to satisfy the receivables from the Bonds.

#### Risks related to Security Agent

Slovak courts do not have experience in deciding on the status, rights and obligations of the Security Agent, who is in the position of joint representative of the Bondholders, resp. common and inseparable creditor of each of the the Issuer's monetary obligation to each and all

Bondholders. The competent courts may therefore interpret the provisions of the prospectus and related documents in relation to the security measures in other way than intended by the Issuer.

#### Risks associated with future court decisions

It is not possible to rule out a future court decision that weakens or cancels the validity or the enforceability of any of the security instruments and therefore any related issues with the security instruments cannot be ruled out in case of its eventual exercise and the Issuer does not make any statement or assurance as to the origin, validity and enforceability of the specific security instruments.

#### Risk related to exercise of the pledge over business share

In case a pledge over business share is exercised, a sale takes place, i.e. transfer of the relevant business share. According to Slovak laws, if during the preparation of the registration of the transfer of the relevant business share in the Commercial Register it is found that the depositor has an arrears on taxes higher than 170 EUR, (i) the tax administrator does not give consent to the transfer, (ii) the Commercial Register does not register the transfer of business share. In such case the transfer will not take effect - the pledge will not be exercised. Should this occur, it will endanger satisfaction of the claims of the individual Bondholders from this specific security instrument.

#### *Risks relating to PRC law transaction security*

#### Risks related to failure to perfect security in the PRC

Under PRC laws, a share pledge such as the pledge over the shares in Secop Compressors Co., Ltd shall be agreed in writing and will be established when such pledge is registered with relevant authority. As a result, if the share pledge is not registered, the Bondholders (as pledgees under the share pledge) shall only have the right over the pledged assets on a contractual basis. This means that the pledgee will have the same right as any other normal creditor of the relevant pledgor and will not have any priority in having its claim paid. The pledgor may pledge the shares for the benefit of a third party and register the pledge with relevant authority in order to perfect the security. In this case, the third party shall have the priority to enforce the shares.

With reference to the above, there is a risk 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 could 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. This may have an adverse effect on the value of the security that has been granted to the Bondholders and the Issuer. 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 risk that the Bondholders could find it difficult or impossible to recover the amounts owed to them under the Bonds. Therefore, there could be a risk that the security granted in respect of the Bonds

might be ineffective in respect of any of the Issuer's obligations under the Bonds in the event the Issuer becomes insolvent. In addition, there is a risk that any enforcement could be delayed due to any inability to sell the security assets in a timely and efficient manner.

*Medium level risk*

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

If a subsidiary, which shares have been pledged in favour of the bondholders, is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such pledge may then have limited value because all of the subsidiary's obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the bondholders. As a result, the bondholders may not recover the full value (or any value in the case of an enforcement sale) of the shares. In addition, the value of the shares subject to pledges may decline over time.

If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the bondholders will only have an unsecured claim against the Issuer and its remaining assets (if any) for the amounts which remain outstanding under or in respect of the Bonds.

*Specific risks relating to PRC law and China*

Risks related to enforcing security in the PRC

Pursuant to PRC Law, a secured creditor may enforce its security when (i) the debtor fails to make a payment of the debts that become due or (ii) an event of default, as agreed between the parties in the security agreement, occurs.

When enforcing a security, the beneficiary may enter into an agreement with the security provider that the beneficiary be given the priority in being paid with the money into which the security assets is converted or the proceeds obtained from auction or sale of the property. If the beneficiary and the security provider fail to agree on the realisation method of the security, the beneficiary shall apply to the court to sell or auction the mortgaged property. The security property or assets shall be converted into money or be sold off by referring to its market price.

In circumstance where the security provider challenges the existence or validity of security or the beneficiary's right to enforce such security (for example, on the ground that the obligor has not defaulted under the relevant finance documents), the beneficiary will have to start litigation or arbitration proceedings against the security provider to obtain a judgment or arbitral award. The beneficiary will then apply to the court to enforce the judgment or award. There is therefore a risk that the enforceability of such transaction security could be subject to a certain degree of uncertainty or that the enforcement of such security could be delayed. This may have an adverse effect on the value of the security that has been granted to the Bondholders.

If an insolvency procedure has started, enforcement of security given by the bankrupt debtor must be stayed until the liquidator takes over the bankrupt debtor's assets. This means the security enforcement will be delayed. The secured creditor's claim will be satisfied at the end of the bankruptcy proceedings from the proceeds of the realised security assets or the repayment by the guarantor. An unsecured creditor's claim will be satisfied at the end of the bankruptcy proceedings from the remaining assets of the bankrupt debtor in a *pari passu* ranking with other



unsecured creditors. There may also be certain timing issue when enforcing a security in the PRC. PRC courts do not have enough resources, and, as such, there is a back-log of cases. This could mean that it could take time to enforce a security.

All of the above may have an adverse effect on the value of the security that has been granted to the Bondholders and the Issuer.

#### Risks related to enforcing foreign court judgements in China

To enforce a foreign court judgment or an arbitration award in the PRC, the secured party shall first apply to a PRC court having jurisdiction for the recognition and execution of the foreign judgment or arbitration award. Such foreign judgment or arbitration award will be examined by the PRC court in accordance with the international treaties concluded or acceded to by the PRC or with the principle of reciprocity.

There is a risk that the PRC court may not recognise or enforce a foreign judgment if the court decides that the foreign judgment contradicts the primary principles of the PRC laws or violates PRC state sovereignty, security and social and public interest of the country.

In addition, even the PRC court recognise the foreign judgment, due to the uncertainties of the PRC legal system, the procedure to enforce a judgment would become time consuming. There is therefore a risk that transaction security granted to secure the Bonds could be unenforceable or enforcement of the security could be delayed according to applicable laws. This may have an adverse effect on the value of the security that has been granted to the Bondholders.

#### *Medium level risk*

#### **Risks related to the guarantees**

Although the Group's obligations towards the Bondholders under the Bonds to a limited extent are guaranteed, there is risk that any enforcement of claims under the guarantees would be insufficient to satisfy all amounts owed to the Bondholders at the time of enforcement. Furthermore, guarantors are not restricted from granting any additional guarantees. If the guarantors were to guarantee any other obligations, there is a risk that guarantees granted towards the current Bondholders would be impaired.

Any guarantees of the Issuer's obligations under the Bonds from the Issuer's subsidiaries are limited by relevant financial assistance rules and corporate benefit principles.

If the Issuer were to be unable to make repayment under the Bonds, there is a risk that the Bondholders would find it difficult or impossible to recover the amounts owed to them under the Bonds. There is a risk that the guarantees granted in respect of the Bonds will be insufficient in respect of any of the Issuer's obligations under the Bonds in the event the Issuer becomes insolvent.

The payment obligations of the Issuer under the Bonds are structurally subordinated to payment obligations owed to creditors of the subsidiaries of the Issuer and the subsidiaries of such subsidiaries. The Guarantors will unconditionally and irrevocably guarantee the payment obligations of the Issuer under the Bonds. The Bonds will accordingly have the benefit of a direct claim on the Guarantors but not on all members of the Group. The benefit of the Guarantees is

also limited by the provisions of the Intercreditor Agreement and general German law provisions.

There is a risk that guarantees granted under the Bonds could be unenforceable or that enforcement of the claims under the guarantees could be delayed according to Swedish law, German law, Slovakian law or any other applicable laws. Should claims be unenforceable, delayed or subject to a certain degree of uncertainty, there is a risk that this would have a significant negative effect on the likelihood of the Bondholders receiving the amounts owed to them under the Bonds.

*Medium level risk*

#### **Risks related to the intercreditor arrangements**

The Issuer have incurred additional debt under a super senior revolving credit facility (the "**Super Senior RCF**") which, in accordance with the terms of an Intercreditor Agreement (as defined below), rank senior to the Bonds. Further, the Issuer may incur additional financial indebtedness which will rank *pari passu* with the Bonds. The relation between certain of the Issuer's creditors (jointly the "**Secured Creditors**") and the security agent is governed by an intercreditor agreement (the "**Intercreditor Agreement**"). Although the obligations under the Bonds and certain other obligations of the Group towards the bondholders and the Secured Creditors will be secured by first priority security, there is a risk that the proceeds of any enforcement sale of the security assets will not be sufficient to satisfy all amounts then owed to the Secured Creditors. Furthermore, if the Issuer issues subsequent Bonds, the security position of the current bondholders may be impaired.

The security agent will in accordance with the Intercreditor Agreement in some cases take instructions from a super senior representative under the Super Senior RCF. There is a risk that the security agent and/or a super senior representative under the Super Senior RCF will act in a manner or give instructions not preferable to the bondholders. In addition, the security agent will in some cases take instructions from a senior representative, being those senior creditors whose senior debt at that time aggregate to more than 50 per cent of the total senior debt. If the outstanding senior debt towards other senior creditors than the bondholders exceed the obligations under the Bonds, the bondholders will therefore not be in a position to control the enforcement procedure.

If the outstanding obligations of the Group towards other Secured Creditors than the bondholders increase, there is a risk that the security position of the bondholders is impaired. Furthermore, there is a risk that the security will not at all times cover the outstanding claims of the Secured Creditors.

The Intercreditor Agreement also contains provisions regarding the application of proceeds from an enforcement of security where any agent will receive payments first, secondly any creditor under any super senior debt, thirdly any creditor *pro rata* under any senior debt (including the bondholders) and lastly any creditor under any shareholder, intercompany and subordinated debt. There is a risk that the enforcement proceeds will not be sufficient in order for the Issuer to satisfy the waterfall provisions above.

*Medium level risk*

#### **Corporate benefit limitations in providing security to the bondholders**

In general, if a limited liability company provides security for another party's obligations without deriving sufficient corporate benefit therefrom, the granting of security will require the consent of all shareholders of the grantor and will only be valid up to the amount the company could have distributed as dividend to its shareholders at the time the security was provided. If no corporate benefit is derived from the security provided, the security will be limited in validity. Consequently, any security granted by a subsidiary of the Issuer could therefore be limited which would have an adverse effect on the bondholders' security position.

## **Risks relating to the financial standing of the Group**

### *Medium level risk*

#### **The Issuer is dependent on its subsidiaries**

A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. Accordingly, the Issuer is dependent upon receipt of sufficient income and cash flow related to the operation of and the ownership in the subsidiaries to enable it to make payments under the Bonds. Consequently, the Issuer is dependent on the subsidiaries' availability of cash, and their legal ability to make dividends which may from time to time be limited by corporate restrictions and law. Should the Issuer not receive sufficient income from its subsidiaries, the investor's ability to receive payment under the Bonds may be adversely affected.

The Group or its assets may not be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

### *Medium level risk*

#### **Subsidiaries, structural subordination and insolvency of subsidiaries**

All assets are owned by, and all revenues are generated in, the subsidiaries of the Issuer. The subsidiaries are legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. The ability of the subsidiaries to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and legal restrictions (e.g. limitations on value transfers).

If the Issuer is not able to receive funds by way of dividends or value transfer from one or more subsidiary, this could affect the Issuer's ability to service its payment obligations under the Bonds which would have a material adverse effect on the Issuer's business, financial position, earnings and result.

The Group or its assets may not be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

*Low level risk*

**Ability to service debt**

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, some of which are beyond the Group's control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. There is a risk that the Group will not be able to affect any of these remedies on satisfactory terms, or at all. This would have a negative effect on the Group's operations, earnings, results and financial position.

*Low level risk*

**Security over assets granted to third parties**

Subject to certain limitations from time to time, the Issuer may incur additional financial indebtedness and provide additional security for such indebtedness (including that Secop GmbH currently have factoring agreements, pursuant to which it sells and assigns all of its receivables (other than intra-group receivables)). If security is granted in favour of a third party debt provider, the bondholders will, in the event of bankruptcy, re-organisation or winding-up of the Issuer, be subordinated in right of payment out of the assets being subject to security provided to such third party debt provider. In addition, if any such third party debt provider holding security provided by the Group were to enforce such security due to a default by any company within the Group under the relevant finance documents, such enforcement could have a material adverse effect on the Group's assets, operations and, ultimately, the financial position of the bondholders.

**Risks related to the Security Agent and the Bondholders' representation**

*Low level risk*

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

In accordance with the Terms and Conditions for the Bonds, the Agent represents 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 may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions for the Bonds), which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the Agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could have a negative effect on the legal proceedings as for instance the requisite quorum or majority for taking such legal proceedings may not be obtained.

The Agent may further be replaced by a successor Agent in accordance with the Terms and Conditions. Generally, the successor Agent has the same rights and obligations as the retired Agent. It may be difficult to find a successor Agent with commercially acceptable terms or at all. Further, there is a risk that that the successor Agent would breach its obligations under the Terms and Conditions or that insolvency proceedings would be initiated against it.

Under certain circumstances the Agent and the Security Agent, from time to time, may be exposed to the risk of insolvency or other proceedings that could affect the performance of its duties as the Agent or Security Agent (as applicable).

## 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.

Bonds issued under this Prospectus have EURIBOR as interest rate. EURIBOR constitutes a benchmark according to the regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). As at the date of this Prospectus, only the administrator of EURIBOR - EMMI - appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 of the Benchmark Regulation.

<b>Issuer</b>	Secop Group Holding GmbH.
<b>Bonds Offered</b>	<p>At the date of this Prospectus, an aggregate amount of Bonds of EUR 50,000,000 have been issued on the First Issue Date.</p> <p>The aggregate amount of the bond loan will be an amount of up to a maximum of EUR 85,000,000. The Issuer may choose not to issue the full amount of Bonds on the First Issue Date and may choose to issue the remaining amount of Bonds at one or more subsequent dates.</p>
<b>Number of Bonds</b>	<p>At the date of this Prospectus 50,000 Bonds have been issued on the First Issue Date and this Prospectus relates to the admission to trading of the 50,000 Bonds issued on the First Issue Date.</p> <p>Maximum of 85,000 Bonds can be issued at one or more subsequent dates under the Bonds. Only Bonds that have been issued at the</p>
<b>ISIN</b>	NO0010887508.
<b>First Issue Date</b>	28 July 2020.
<b>Issue Price</b>	All bonds issued on the First Issue Date have been issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount. The issue price of the Subsequent Bonds may be at a discount or at a premium compared to the Nominal Amount.
<b>Interest Rates</b>	Interest on the Bonds will be paid at a floating rate of three-month EURIBOR plus 6.75 per cent. <i>per annum</i> , but if a Vendor Claim Event occurs, 9.25 per cent. <i>per annum</i> .
<b>Use of benchmark</b>	As at the date of this Prospectus, only the administrator of EURIBOR - EMMI - appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 of the Benchmark Regulation.

<b>Interest Payment Dates</b>	The Bonds Interest Payment Dates are quarterly each year 28 July, 28 October, 28 January and 28 April commencing on 28 October 2020. Interest will accrue from (but excluding) the Issue Date.
<b>Nominal Amount</b>	The Bonds will have a nominal amount of EUR 1,000 and the minimum permissible investment in the Bonds is EUR 100,000.
<b>Status of the Bonds</b>	<p>The Bonds are denominated in EUR 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.</p> <p>The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer, and:</p> <ul style="list-style-type: none"> <li>• will at all times rank <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer without any preference among them, except those obligations which are mandatorily preferred by law;</li> <li>• are guaranteed by the Guarantors (as defined below);</li> <li>• are effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness; and</li> <li>• are structurally subordinated to any existing or future indebtedness of the subsidiaries of the Issuer that are not Guarantors, including obligations to trade creditors.</li> </ul>
<b>Guarantees</b>	<p>The Issuer's obligations under the Bonds are jointly and severally guaranteed (the "<b>Guarantee</b>") by each of:</p> <ul style="list-style-type: none"> <li>• Secop GmbH, incorporated in Germany with reg. no. HRB 8698 FL; and</li> <li>• Secop s.r.o., incorporated in Slovakia with reg. no. 35 800 399;</li> </ul> <p>each a "<b>Guarantor</b>" and jointly the "<b>Guarantors</b>".</p> <p>See "<i>Description of Material Agreements – Guarantee Agreement</i>" for further details.</p>
<b>Ranking of the Guarantees</b>	<p>The Guarantee of each Guarantor is a general obligation of such Guarantor and:</p> <ul style="list-style-type: none"> <li>• ranks <i>pari passu</i> in right of payment with any existing and future indebtedness of such Guarantor that is not subordinated in right of payment to such Guarantee, including the indebtedness under the Super Senior RCF;</li> <li>• ranks senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to such Guarantee; and</li> <li>• is effectively subordinated to any existing or future indebtedness or obligation of such Guarantor that is secured by</li> </ul>

property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness.

The Guarantees are subject to certain limitations under local law.

**Security**

The Bonds, together with obligations under the Super Senior RCF, are secured by security interests granted on an equal and rateable first-priority basis over the share capital of certain Group Companies and 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.

**Voluntary redemption**

**partial**

The Issuer may redeem the Bonds on one occasion per each twelve month period (without carry-back or carry forward) in a maximum aggregate amount not exceeding five (5) per cent. of the total Initial Nominal Amount. The repayment must occur on an Interest Payment Date. The repayment per Bond shall be equal the repaid percentage of the Nominal Amount (rounded down to the nearest EUR 1.00) plus up to, but excluding, the First Call Date a premium on the repaid amount equal to the Call Option Amount set out in Clause 9.3(a)(ii) of the Terms and Conditions and thereafter, as applicable considering when the repayment occurs, a premium on the repaid amount equal the Call Option Amount for the relevant period.

**Call Option Amount**

Call Option Amount means:

- (a) any time from and including the First Issue Date to, but excluding, the First Call Date at an amount per Bond equal to 103.375 per cent. of the Nominal Amount plus the remaining interest payments, calculated in accordance with Clause 9.3(a) of the Terms and Conditions, up to and including the First Call Date together with accrued but unpaid Interest;
- (b) any time from and including the First Call Date to, but excluding, the first Business Day falling 24 months after the First Issue Date at an amount per Bond equal to 103.375 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- (c) any time from and including the first Business Day falling 24 months after the First Issue Date to, but excluding, the first Business Day falling 30 months after the First Issuer Date at an amount per Bond equal to 102.025 per cent. of the Nominal Amount, together with accrued but unpaid Interest; and
- (d) any time from and including the first Business Day falling 30 months after the First Issue Date to, but excluding, the Final Maturity Date at an amount per Bond equal to 100.675 per cent. of the Nominal Amount, together with accrued but unpaid Interest.



<b>First Call Date</b>	Means the date falling 18 months after the First Issue Date.
<b>Final Maturity Date</b>	Means 28 January 2024.
<b>Change of Control or Delisting</b>	Upon the occurrence of a Change of Control Event or Delisting 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 together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event or Delisting pursuant to Clause 11.1(e) (after which time period such rights lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event or Delisting.
<b>Delisting</b>	Following an Equity Listing Event, the occurrence of an event or series of events whereby the Issuer's shares are delisted from a Regulated Market.
<b>Change of Control Event</b>	Means the occurrence of an event or series of events whereby one or more persons, not being the Investors (or an Affiliate thereof), acting together, acquire control over the Issuer and where "control" means (a) acquiring or controlling, directly or indirectly, more than 50.0 per cent of the 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.
<b>Certain Covenants</b>	<p>The Terms and Conditions contain a number of covenants which restrict the ability of the Issuer and other Group Companies, including, inter alia:</p> <ul style="list-style-type: none"> <li>• restrictions on making any changes to the nature of their business;</li> <li>• a negative pledge, restricting the granting of security on Financial Indebtedness (as defined in the Terms and Conditions);</li> <li>• restrictions on the incurrence of Financial Indebtedness (as defined in the Terms and Conditions); and</li> <li>• limitations on the making of distributions and disposal of assets.</li> </ul> <p>The Terms and Conditions contain incurrence covenants which govern the ability of the Issuer and the other Group Companies to incur additional debt.</p> <ul style="list-style-type: none"> <li>• The Issuer shall further ensure that: <ul style="list-style-type: none"> <li>(a) the Leverage Ratio is equal to or less than: <ul style="list-style-type: none"> <li>(i) 5.00x from the First Issue Date until (including) the date falling twelve (12) months after the First Maintenance Test Date;</li> </ul> </li> </ul> </li> </ul>

(ii) 4.75x from (but excluding) the date falling 12 months after the First Maintenance Test Date until (and including) the date falling 24 months after the First Maintenance Test Date; and

(iii) 4.50x from (but excluding) the date falling 24 months after the First Maintenance Test Date until (and including) the Final Maturity Date; and

(b) no Event of Default is continuing.

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

**Use of Proceeds**

The proceeds from the Initial Bond Issue has been used to (i) repay the Bridge Financing, (ii) pay Transaction Costs, and (iii) finance general corporate purposes of the Group.

The proceeds from the Initial Bond Issue will further be used to finance general corporate purposes of the Group.

The proceeds from any Subsequent Bond Issue shall be used to (i) finance capital expenditure and business development, (ii) finance general corporate purposes, including investments and acquisitions and (iii) finance Transaction Costs.

**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**

Application has been made to list the 50,000 Bonds, issued on the First Issue Date, on Nasdaq Stockholm. The earliest date for admitting the 50,000 Bonds to trading on Nasdaq Stockholm is on or about the date of this Prospectus.

**Agent**

Nordic Trustee & Agency AB (publ), reg. no. 556882-1879.

**Security Agent**

Nordic Trustee & Agency AB (publ), reg. no. 556882-1879.

**Issuing Agent**

Pareto Securities AB.

**Paying Agent**

NT Services AS, reg. no. 916 482 574.

**Governing Law of the Bonds**

Swedish law.

**Governing Law of the Intercreditor Agreement**

Swedish law.

**Governing Law of the Guarantee Agreement**

Swedish law.

**Risk Factors**

Investing in the Bonds involves substantial risks and prospective investors should refer to the section "*Risk Factors*" 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 shareholders of the Issuer on 24 July 2020, and was subsequently issued by the Issuer on 28 July 2020. 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 Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council.

After the expiration date of this Prospectus, being 28 July 2022, the obligation to supplement the prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the prospectus is no longer valid.

The board of directors of the Company is, to the extent provided by law, responsible for the information set out in this Prospectus and declares that to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

28 July 2021

Secop Group Holding GmbH

*The board of directors*

## Description of Material Agreements

The following is a summary of the material terms of material agreements to which the Issuer is a party and considered as outside of the ordinary course of business. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

### Super Senior Revolving Credit Facility

A company within the Group, Secop s. r. o., has entered into a super senior revolving credit facility agreement as borrower, with Všeobecná úverová banka as lender, dated 23 December 2020 with further Amendment No 1 dated 31.3.2021 (the "**Super Senior RCF**"). The total commitment under the Super Senior RCF amounts to EUR 10,000,000 (comprised of Revolving loan 2,5 mil EUR; Overdraft 7 mil EUR; Letter of Credit 0,5 mil EUR). The Super Senior RCF has been provided to Secop s. r. o. to be applied for working capital needs of Secop s. r. o. The Super Senior RCF expires on 30 April 2022.

### Guarantee and Adherence Agreement

The Guarantors and the Issuer have entered into a guarantee agreement with the Security Agent originally dated 2 November 2020 and as amended and restated by an amendment and restatement agreement dated 15 March 2021 (the "**Guarantee and Adherence Agreement**"), pursuant to which the Guarantors have agreed to jointly and severally, irrevocably and unconditionally, guarantee, as principal obligor and as for its own debt (*Sw. proprieborgen*) guarantee the Group's obligations as follows:

- the full and punctual payment and performance of all Secured Obligations, including the payment of principal and interest under the Finance Documents when due, whether at maturity, by acceleration, by redemption or otherwise, and interest on any such obligation which is overdue, and of all other monetary obligations of the Group Companies to the Secured Parties under the Finance Documents.

The Guarantees are subject to the Intercreditor Agreement and certain limitations imposed by local law requirements in certain jurisdictions.

### Intercreditor Agreement

The Issuer as issuer, the Security Agent as original security agent and original bonds agent, certain entities as original shareholder creditors and original ICA group companies and Všeobecná úverová banka, a.s as original super senior creditor have entered into an intercreditor agreement dated 8 March 2021 (the "**Intercreditor Agreement**"). The terms of the Intercreditor Agreement provides for following rank of debt in respect of proceeds in right and priority of payment following an application of an Enforcement Action (as defined therein) in the following order:

- (a) *first*, the Super Senior Debt (*pari passu* between all Liabilities under the Super Senior RCF);

- (b) *secondly*, the Senior Debt (*pari passu* between all Liabilities under the Bonds and any New Debt);
- (c) *thirdly*, the Intercompany Debt; and
- (d) *fourthly*, the Shareholder Debt.

## Description of the Group

### The Issuer and the Guarantors

#### The Issuer

Secop Group Holding GmbH was incorporated on 16 January 2019 and is a German limited liability company operating under the laws of Germany including, but not limited to, the German Commercial Code (De. *Handelsgesetzbuch*) and the German Limited Liability Companies Act (De. *Gesetzes betreffend die Gesellschaften mit beschränkter Haftung*) and registered with the commercial register (in German: *Handelsregister*) of the local court (in German: *Amtsgericht*) of Flensburg under reg. no. HRB 14025 FL. The Issuer's legal entity identifier (LEI) is 3912009IWWPURB35WO49.

The Issuer was incorporated on 16 January 2019 and has its registered office and its headquartered at Mads-Clausen-Str. 7, 24939 Flensburg, Germany, and can be reached at telephone number +49 461 4941-0. The website of the Issuer is <https://www.sg-holding.net>. The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

In accordance with the articles of association of the Issuer, the objects of the Issuer are to:

- administrate its own assets;
- conduct all business and take actions that are suitable to serve the company's purpose directly and indirectly; and
- the company may take over other companies of the same or a similar type, it may participate in such companies, including as a personally liable partner. The company may set up branches at home and abroad under the same or a different company.

#### The Guarantors

##### **Secop GmbH**

Secop GmbH was incorporated on 3 February 2010 and is a German limited liability company operating under the laws of Germany with reg. no. HRB 8698 FL and with legal entity identifier (LEI) 529900YZAYQSSH7KL969.

Secop GmbH was incorporated on 3 February 2010 and has its registered office and is headquartered at Mads-Clausen-Str. 7, 24939 Flensburg, Germany, and can be reached at telephone number +49 461 4941-0. The website of Secop GmbH is <https://www.sg-holding.net>. The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

In accordance with the articles of association of Secop GmbH the objects of Secop GmbH is as follows:

The business objective of Secop GmbH is the development, production and distribution of hermetic refrigeration compressors and parts therefor, as well as the production of automatic switch- and control apparatus and similar products and their parts.

Secop GmbH is entitled to make all business and to take all measures which are related to the business objective of Secop GmbH or which directly or indirectly support such business objective. This includes the entering into participations and set up of branches.

### **Secop s.r.o**

Secop s.r.o. was incorporated on 24 October 2000 and is a Slovakian limited liability company operating under the laws of Slovakia with reg. no. 35 800 399 and has no legal entity identifier (LEI).

Secop s.r.o. was incorporated 24 October 2000 and has its registered office and is headquartered at Továrenská 49, 953 01 Zlaté Moravce, Slovakia and can be reached at telephone number +421 376 406 200. The website of Secop s.r.o. is [secop.com](http://secop.com). The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

In accordance with the articles of association of Secop s.r.o. the objects of Secop s.r.o. are as follows:

- sale of goods for the purpose of resale to final consumers (retail trade) or for the purpose of resale to other traders (wholesale trade),
- intermediary activity in the field of trade, production and services,
- mediation of purchase, sale and rent of real estate,
- advertising and promotional activities,
- market research
- Organization of trainings, seminars and educational events,
- audiovisual,
- issue of periodical and non-periodical press,
- computer graphics,
- organizational and economic consultants,
- Automated data processing,
- software supply - sale of finished programs on the basis of the agreement with the author,
- Production of motors and their components in hermetic compressors for household cooling systems and other cooling systems and devices,
- production of hermetic compressors for household cooling systems and other cooling systems and appliances and their parts,
- disposal of non-hazardous waste,
- control measurements and tests within the scope of free trade,
- software installation with the consent of the author,
- hardware installation and repair without interfering with the electronic parts of the computer,
- consulting activity on the technical equipment of the computer (hardware),
- rent of the real estate with securing of other than basic services related to the rent,



- production, assembly, reconstruction, repair and maintenance of machinery and equipment and their parts and components,
- heat production and distribution,
- services related to databases,
- accounting,
- storage (except operation of public warehouses),
- goods handling,
- packaging activities,
- security services,
- electrical power engineering, and
- manufacture of cooling, ventilation and filtration equipment.

### **Business and operations**

Secop conducts its business within advanced hermetic compressor technologies and cooling solutions in commercial refrigeration and develop high performance static and mobile cooling solutions for the international commercial refrigeration businesses. This includes delivery of advanced refrigeration compressors and controls, providing customers with tailored sustainable solutions for light commercial, battery driven, and special cooling applications. Secop has a long track record in energy-efficient and green refrigerants projects with innovative solutions for both compressors and control electronics. The Group has approximately 1,481 employees worldwide with production sites in Slovakia and China as well as research centers in Germany, Austria, Slovakia, and in China.

One core element of Secop's business is green refrigerants, where the Group works with developing compressors that use natural refrigerants, that do not harm the ozone layer and do not contribute to global warming. The Group has different platforms optimized for hydrocarbons, and keep developing and releasing new models to support the coming transition to hydrocarbons as required by new regulations. Further, the Group has invested in the design of high-quality reliable and safe solutions for flammable refrigerants and continues to optimize the performances of its range of compressors to be able to provide its customers a wide range of applications, supporting customers in the transition to these new refrigerants.

Another core value of Secop's portfolio is sustainability with high energy efficiency compressors with less energy consumption. Secop offers different platforms of fixed speed compressors optimized for efficient performance as well as a wide range of variable speed compressors designed for commercial applications, with a unique electronic control for optimized system performance and control. The Group offers electronic control for piston compressors and have a long experience in customizing the electronics to optimize system performances which is beneficial for both the environment and the Group's customers as energy efficiency is not only a matter of sustainability but also a cost factor.

A third core component of the Group's business is mobile solutions. Secop has worked a lot to improve the autonomy and compactness of its platforms, to grant less material utilization and easy-to-carry-around platforms. The Group's compressors and electronics are optimized to provide top performance for various types of applications and specifications, and the Group provides reliability tests that withstand automotive requirements, too.

The Group has two core segments of its business, the Stationary Cooling and the Mobile Cooling segments for which it designs and manufactures hermetic compressors and electronic controls for refrigeration solutions.

#### *Stationary Cooling*

In the Stationary Cooling segment, the main applications are food retail, food services, medical, commercial freezers or coolers, beverage dispensers, special commercial equipment. Secop has various solutions to support green and efficient applications and are focusing on the development of new products and solutions, for example for the medical segment where they want to further leverage their knowhow for efficient and reliable solutions to support their partners. For the financial year ended 31 December 2020 the segment Stationary Cooling accounted for approximately 61 per cent. of the Group's revenue.

#### *Mobile Cooling*

In the Mobile Cooling segment, Secop offers DC-powered or battery-driven compressors that are specifically designed for trucks, cars, busses, and recreation vehicles. Further, Secop produces compressors for portable boxes and special applications as well as for the solar and medical sector, e. g. DC-powered mobile boxes for vaccine transport. The Mobile Cooling segment has seen a growth stimulus with 'e-mobility' as the energy consumption of Secop's compressors is low consumers can run a fridge even over a long-time frame with only batteries. For the financial year ended 31 December 2020 the segment Mobile Cooling accounted for approximately 20 per cent. of the Group's revenue.







### **Production and the Compressors**

The Group has two manufacturing facilities. The first manufacturing facility opened in 2002 and is located in Slovakia. It is a large facility spanning over 67,000 square meters with approximately 815 full time employees and with a production level of approximately 13.5 million units *per annum*.



The second manufacturing facility opened in 2007 and is located in China. It is a smaller facility compared to the Slovakian facility, spanning over approximately 33,300 square meters with approximately 353 full time employees and with a production level of 4.3 million units *per annum*.


A compressor is the single most critical component in refrigerators and freezers, being responsible for the cooling effect. Compressors function by drawing in low pressure gas, compressing it mechanically and subsequently transferring heat away from the resulting high-temperature pressure gas to finally deliver a cooling effect. The cooling capacity is highly dependent on the compressor's displacement, given in cubic centimetres, and requires electrical motors with proportional strength, influencing the overall compressor size. Secop offer's refrigeration compressors that are either hydrofluorocarbons refrigerant or hydrocarbon refrigerant across nine different product series to cater for varying consumer needs for both AC Stationary and DC Mobile electrical supply.

*Stationary Cooling: AC type for commercial applications*

Product series		Major Application	High efficiency variable speed device	Hydrocarbon available
T-series		Bottle coolers Food service Beverage Dispensers		Yes
K-series		Bottle coolers Ice Cream freezers Beverage Dispensers		Yes
N-series		Food retail Food service Food storage Food processing Medical	Yes	Yes
F-series		Distribution/Aftermarket		
S-series		Food retail Food service Food storage Food Processing Medical	Yes	Yes
G-series		Food retail Food service Food processing Food storage	Yes	

*Mobile Cooling: DC type for battery driven applications*

Product series		Major application	High efficiency variable speed device	Hydrocarbon available
T-series		Truck comfort cooling	Yes	Yes
P-series		Trucks Cars Boats Medical/Vaccines Recreation Vehicles Portable Boxes Mobile Applications	Yes	Yes

<b>BD-micro</b>		Trucks Cars Portable boxes	Yes	
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## Company Overview

Secop is operating within the business of advanced hermetic compressor technologies and cooling solutions for commercial refrigeration. Secop Group design and manufacture hermetic compressors and electronic controls for refrigeration solutions in two major business segments: Stationary Cooling and Mobile Cooling. Secop's "Stationary Cooling" business segment (AC-supply compressors for static applications) provides compressors for light commercial applications in food retail, food service, merchandisers, medical, and special applications and also for selected residential applications. Secop's "Mobile Cooling" business segment (Battery-Driven DC-supply for mobile applications) is the global leader in high-performance hermetic DC compressors, for automotive, trucks, recreation vehicles, portable boxes, solar, and other mobile applications. Secop strives to be the first choice for partners searching for leading edge refrigeration solutions and premium customer experience. Secop is committed to deliver advanced refrigeration compressors and controls, providing customers tailored sustainable solutions for light commercial, battery driven and special cooling applications. Secop has under a long time worked with several projects for energy efficient and green refrigerants adoption projects, using solutions for both compressors and control electronics. The group has 1,481 employees worldwide and production sites in Slovakia and China as well as research centers in Germany, Austria, Slovakia, and in China. Secop has belonged to the ESSVP IV fund since September 2019, advised by Orlando Management AG.

## Market overview

Secop has two production facilities, one in Slovakia and one in China. The sale and use of compressors is a global business and Secop's customer base is as such global. The customers can be divided into two macro segments: stationary and mobile cooling applications, where approximately 61% of the Group's revenue, as per the financial statements for 2020, stemmed from Stationary segment and Mobile segment accounted for approximately 20% of revenues. Customers can be clustered in Distributors (D&AM) and Original Equipment Manufacturers (OEM) where approximately 70% of the Group's revenue stemmed from OEMs and 30% from Distributors.

Further, the Group's revenue in 2020, as per the Financial Statements, has the following approximate spread per core region: Germany 11%, Europe 29% and rest of the world 60%.

## Financing

The Group's activities will be financed by the Bonds and by the RCF described under the section "*Description of Material Agreements*" above.

## Share capital and ownership structure

The shares of the Company are denominated in EUR. 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 EUR 25,000 divided into 25,000 of shares. The Company has issued a total of 25,000 shares.

As at the date of this Prospectus the Issuer is wholly owned by Dilasso Bath Invest S.à r.l., a limited liability company under the laws of Luxembourg ("Dilasso").

Following table shows major shareholders of Dilasso as of the date of this Prospectus.

Shareholder	Holdings, %
ESSVP IV L.P.	41,51
Crown Co-Investment Opportunities II	18,99
ESSVP IV (Structured) L.P.	15,73
Helius GmbH & Co. KG	10,86
Silenos GmbH & Co. KG	4,55
Crown Premium Private Equity VII Master S.C.S.	3,44
Crown Europe Small Buyouts V S.C.S.	1,82
Others	3,1
<b>Total</b>	<b>100</b>

### Shareholders' agreements

The Issuer is not aware of the details of any provision in the arrangement between its shareholders, the operation of which may at a subsequent date result in a change in control of the Issuer.

### Overview of Group structure

On the date of this Prospectus, the Issuer has, directly and indirectly, 9 subsidiaries listed below.

Company	Country	Holding %
Secop Holding GmbH	Germany	100.00
Secop GmbH	Germany	100.00
Secop Compressors (Tianjin) Co. Ltd.	China	100.00
Secop s.r.o.	Slovakia	99.99
Secop Inc.	USA	100.00
Secop Italia S.r.l.	Italy	100.00
Secop Austria GmbH	Austria	100.00
Motor Competence Center Holding Flensburg GmbH	Germany	100.00

Motor Competence Center Flensburg GmbH	Germany	100.00
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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 has been no recent event particular to the Group which is to a material extent relevant to the evaluation of the Issuer's solvency.

### **Significant change and trend information**

#### **Significant change, trend information and financial performance**

There has been no material adverse change in the prospects of the Group since the date of its last audited annual accounts and no significant change in the financial position or financial result of the Group or the Group's financial performance since the end of the last financial period for which audited financial information has been published to the date of this Prospectus.

Other than the global shortage of semiconductor components as well as the impact of the surge in copper and steel price does impose a risk to the year 2021. All measures to secure semiconductor supplies and limit the impact of surging commodity pricing have been started and partly taken already, the Group is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on its prospects for the current financial year.

### **Borrowing and funding structure**

Other than some minor reduction of external debt was realized (e.g. external China supply chain financing was paid pack to the Bank of China), there has been no material adverse change in the borrowing and funding structure of the Group since the date of publication of its last audited annual accounts.

### **Legal, governmental and arbitration proceedings**

Other than the arbitration initiated by the Nidec Group against the Issuer, relating to concerns differences in opinion regarding the amount of the last purchase price installment owed and accounted for by the Issuer amounting to EUR 21,000,000, neither the Issuer nor the Group is, or has been 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.

### **Information regarding taxation**

Tax legislation in the investor's home member state and the member state of the Issuer may affect any income from the Bonds.

**Credit rating**

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

## Management of the Issuer

On the date of this Prospectus the board of directors of the Issuer consisted of three members which have been elected by the general meeting. The board of directors and the senior management of the Issuer (including the Guarantors) can be contacted through the Issuer at its headquarters at Mads-Clausen Str. 7 24939 Flensburg, Germany. Further information on the members of the board of directors and the senior management is set forth below.

### Management

**Dr. Andreas J. Schmid, *Managing director of the Issuer and Chief Executive Officer of the Group***

**Education:** Dr.Eng in Electrical Engineering and Information Technology of Technische Hochschule Darmstadt, Germany, diploma in Physics of Technische Universität München, Germany.

**Current commitments:** None.

**Frank Elsen, *Managing director of the Issuer and Chief Financial Officer of the Group***

**Education:** Industrial Engineer Diploma of Technische Hochschule Darmstadt, Germany.

**Current commitments:** None.

**Dr. Philipp von Stietencron, *Managing director of the Issuer and Chief Commercial Officer of the Group***

**Education:** PhD and diploma in Business Administration of Leipzig Graduate School of Management, Germany.

**Current commitments:** Managing Director and owner of Rittergut Welsede GbR and Betriebsgemeinschaft Emmerthal GbR (agricultural and forestry business and energy production).

**Dr. Jan Ehlers, *Chief Operation Officer of the Group***

**Education:** PhD in High Energy Physics of Eigenössische Technische Hochschule Zürich, Switzerland, Diploma in Physics of Universität Heidelberg, Germany, Master of Science in Physics of University of Massachusetts, USA.

**Current commitments:** None.

**Fabricio Possamai, *Chief R&D Officer of the Group***

**Education:** Master of Engineering in Engineering and Thermal Sciences of Universidade Federal de Santa Catarina, Brazil, Bachelor of Science in Mechanical Engineering of Universidade Federal de Santa Catarina. Brazil.

**Current commitments:** None.

## Management of the Guarantors

### Secop GmbH

On the date of this Prospectus the board of directors of Secop GmbH consisted of two 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 Mads-Clausen Str. 7 24939 Flensburg, Germany. Further information on the members of the board of directors and the senior management is set forth below.

### **Management**

**Dr. Philipp von Stietencron, member of the board.**

**Education:** *Please see above section "Management of the Issuer".*

**Current commitments:** *Please see above section "Management of the Issuer".*

**Dr. Andreas J. Schmid, member of the board.**

**Education:** *Please see above section "Management of the Issuer".*

**Current commitments:** *Please see above section "Management of the Issuer".*

### **Secop s.r.o.**

On the date of this Prospectus the board of directors of Secop s.r.o. consisted of two 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 Mads-Clausen Str. 7 24939 Flensburg, Germany. Further information on the members of the board of directors and the senior management is set forth below.

### **Management**

**Dr. Jan Ehlers, member of the board.**

**Education:** *Please see above section "Management of the Issuer".*

**Current commitments:** *Please see above section "Management of the Issuer".*

**Norbert Brath, member of the board.**

**Education:** Diploma in Mechanical Engineering of Slovak Agricultural University Nitra (SK), diploma in Management of The Open University London (UK) and Senior Executive Program of London Business School (UK).

**Current commitments:** None.

### **Conflicts of interest within administrative, management and control bodies**

To the extent that can be reasonably verified by the Company, no conflict of interest exists regarding the private affairs, family relations, or any other kind, between members of the administrative and senior management bodies that might conflict with the Company's interests or prevent the aforementioned to faithfully execute their duties to the Company.

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

The Sole Bookrunner and/or its affiliates have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Sole Bookrunner 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.

## Historical Financial Information

### Historical financial information of the Group

The Group's consolidated financial statements for the financial year ended 31 December 2020 and the figures for the financial year ended 31 December 2019 as set out below are incorporated into this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus. All such information is available on the Issuer's website, <https://www.sg-holding.net/>. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Prospectus.

The Group's consolidated financial statements for the financial year ended 31 December 2020 and for the financial year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Other than the auditing of the Group's consolidated financial statements for the financial year ended 31 December 2020 and for the financial year ended 31 December 2019, the Group's auditor has not audited or reviewed any part of this Prospectus.

The pages from the Group's consolidated financial statements for the financial year ended 31 December 2020 set out below is incorporated into this Prospectus by reference. The audit report in respect of the consolidated financial statements for the financial year ended 31 December 2020 is also incorporated into this Prospectus by reference. For the pages from the financial figures of the consolidated financial statements for the financial year ended 31 December 2020 which is incorporated into this Prospectus by reference, please refer to the pages set out below:

- consolidated income statement, page 1;
- consolidated balance sheet, page 2;
- consolidated cash flow statement, page 4;
- consolidated statement of changes in equity, page 3; and
- notes, pages 5 – 73.

The following pages from the Group's consolidated financial statements for the financial year ended 31 December 2019 is incorporated into this Prospectus by reference:

- consolidated income statement, page 4;
- consolidated balance sheet, page 2;
- consolidated cash flow statement, page 8;
- consolidated statement of changes in equity, page 6;
- notes, pages 10 – 60; and
- the audit report, pages 84 - 87.

**Auditing of the annual historical financial information**

The Company's consolidated financial statements as at present and for the years 2019 to 2020 have been audited, as applicable, by Warth & Klein Grant Thornton AG, Kleiner Burstah 12, 20457 Hamburg, Germany. Warth & Klein Grant Thornton AG has been the Company's auditor since 31 December 2019, and was re-elected for an additional year on the latest annual general meeting. Eric Pritsch is the auditor who is responsible for the Company. Eric Pritsch is a German Public Auditor and is a member of the relevant professional body, the professional institute for the accountancy sector in Germany.

The English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB ("Handelsgesetzbuch": German Commercial Code) and the group management report of the Company prepared on the basis of German commercial law (HGB), of Secop Group Holding GmbH, Flensburg, as of and for the fiscal year ended 31 December 2020 and for the fiscal year ended 31 December 2019 as a whole and not solely to the consolidated financial statements which are incorporated in this Prospectus by reference. The Group management report for the fiscal year ended 31 December 2020 and for the fiscal year ended 31 December 2019 are not part of this Prospectus.

The audit of the consolidated financial statements and of the group management report for the fiscal year ended 31 December 2020 and for the fiscal year ended 31 December 2019 of Secop Group Holding GmbH was conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). The audit reports were submitted without comment.

**Age of the most recent financial information**

The most recent financial information has been taken from the consolidated financial statements for the financial year ended 31 December 2020, which was published on 30 April 2021 on the Issuer's website <https://www.sg-holding.net>.

## Historical financial information of the Guarantors

### Secop GmbH

Secop GmbH's financial statements for the financial year ended 31 December 2020 and the figures for the financial year ended 31 December 2019 as set out below are incorporated into this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus. All such information is available on the Issuer's website, <https://www.sg-holding.net/>. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Prospectus.

The annual financial statements and the management report of Secop GmbH for the financial year ended 31 December 2020 and for the financial year ended 31 December 2019 have been prepared in accordance with the provisions of the German commercial law (HGB) including the German principles of proper accounting and with the applicable regulations of the GmbHG (Gesetz betreffend die Gesellschaften mit beschränkter Haftung: German Limited Liability Company Act).

Other than the auditing of Secop GmbH's financial statements for the financial year ended 31 December 2020 and for the financial year ended 31 December 2019, Secop GmbH's auditor has not audited or reviewed any part of this Prospectus.

The pages from Secop GmbH's financial statements for the financial year ended 31 December 2020 set out below is incorporated into this Prospectus by reference. For the pages from the financial figures of the financial statements for the financial year ended 31 December 2020 which is incorporated into this Prospectus by reference, please refer to the pages set out below:

- income statement, page 6;
- balance sheet, page 5;
- notes, pages 7 – 18; and
- the audit report, pages 1-4.

The following pages from Secop GmbH's financial statements for the financial year ended 31 December 2019 is incorporated into this Prospectus by reference:

- income statement, page 4;
- balance sheet, page 2;
- notes, pages 6 – 13; and
- the audit report, pages 25 - 28.

### Auditing of the annual historical financial information

Secop GmbH's financial statements as at present and for the years 2019 to 2020 have been audited, as applicable, by Warth & Klein Grant Thornton AG, Kleiner Burstah 12, 20457 Hamburg,

Germany. Warth & Klein Grant Thornton AG has been Secop GmbH's auditor since 31 December 2019, and was re-elected for an additional year on the latest annual general meeting. Eric Pritsch is the auditor who is responsible for the Company. Eric Pritsch is a German Public Auditor and is a member of the relevant professional body, the professional institute for the accountancy sector in Germany.

The English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the financial statements, prepared in accordance with the provisions of the German commercial law (HGB) including the German principles of proper accounting and with the applicable regulations of the GmbHG (Gesetz betreffend die Gesellschaften mit beschränkter Haftung: German Limited Liability Company Act) and the management report of the Company prepared on the basis of German commercial law (HGB), of Secop GmbH, Flensburg, as of and for the fiscal year ended 31 December 2020 and for the fiscal year ended 31 December 2019 as a whole and not solely to the financial statements which are incorporated in this Prospectus by reference. The management report for the fiscal year ended 31 December 2020 and for the fiscal year ended 31 December 2019 of Secop GmbH are not part of this Prospectus.

The audit of the annual financial statements and of the management report of Secop GmbH for the fiscal year ended 31 December 2020 and for the fiscal year ended 31 December 2019 was conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). The audit reports were submitted without comment.

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

The most recent financial information of Secop GmbH has been taken from their financial statements for the financial year ended 31 December 2020.

### **Secop s.r.o.**

Secop s.r.o.'s financial statements for the financial year ended 31 December 2020 and the figures for the financial year ended 31 December 2019 as set out below are incorporated into this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus. All such information is available on the Issuer's website, <https://www.sg-holding.net/>. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Prospectus.

Secop s.r.o.'s financial statements for the financial year ended 31 December 2020 and for the financial year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Other than the auditing of Secop s.r.o.'s financial statements for the financial year ended 31 December 2020 and for the financial year ended 31 December 2019, Secop s.r.o.'s auditor has not audited or reviewed any part of this Prospectus.

The pages from Secop s.r.o.'s financial statements for the financial year ended 31 December 2020 set out below is incorporated into this Prospectus by reference. For the pages from the

financial figures of the financial statements for the financial year ended 31 December 2020 which is incorporated into this Prospectus by reference, please refer to the pages set out below:

- income statement, page 9;
- balance sheet, page 8;
- cash flow statement, page 11;
- statement of changes in equity, page 10;
- notes, pages 13 – 46; and
- the audit report, pages 3-5.

The following pages from Secop s.r.o.'s financial statements for the financial year ended 31 December 2019 is incorporated into this Prospectus by reference:

- income statement, page 9;
- balance sheet, page 8;
- cash flow statement, page 11;
- statement of changes in equity, page 10;
- notes, pages 13 – 42; and
- the audit report, pages 3-5.

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

Secop s.r.o.'s financial statements as at present and for the years 2019 to 2020 have been audited, as applicable, by Grant Thornton Audit, s.r.o., Hodžovo námestie 1/a, 811 06 Bratislava, Slovakia. Grant Thornton Audit, s.r.o. has been Secop s.r.o.'s auditor since 31 December 2019, and was re-elected for an additional year on the latest annual general meeting. Ladislav Nyéki and Ladislav Kmenta are the auditors who are responsible for Secop s.r.o. Ladislav Nyéki and Ladislav Kmenta are a member of the relevant professional body, the professional institute for the accountancy sector in Slovakia.

The auditing of the financial statements of Secop s.r.o. was conducted in accordance with international standards on auditing and the audit reports were submitted without comment.

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

The most recent financial information of Secop s.r.o. has been taken from their financial statements for the financial year ended 31 December 2020.

## Other Information

### Approval of the Prospectus

This Prospectus has been approved by Finansinspektionen, as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council. Finansinspektionen only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and Regulation (EU) 2017/1129 of the European Parliament and of the Council. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus nor of the Issuer that is the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Bonds.

### Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of EUR 50,000,000 and this Prospectus relates to the admission to trading of the Bonds issued on the First Issue Date. The Issuer may, subject to certain conditions set out in the Terms and Conditions, issue additional Bonds in a maximum aggregate amount of EUR 85,000,000. Each Bond has a nominal amount of EUR 1,000. The ISIN for the Bonds is NO0010887508.

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

### Representation of the Bondholders

The Terms and Conditions stipulates the provisions for the Agent's representation of the Bondholders and can be accessed on the Issuer's website: <https://www.sg-holding.net/>.

### The Guarantors

Information with respect to each Guarantor is set out below. Each Guarantor may be contacted through the address of the Company.

- Secop GmbH, a limited liability company incorporated in Germany since 3 February 2010. Secop GmbH is registered with the Flensburg local court with reg. no. HRB 8698 FL operating under the laws of Germany with LEI code 529900YZAYQSSH7KL969; and
- Secop s.r.o., a limited liability company incorporated in Slovakia since 24 October 2000. Secop s.r.o. is registered with the commercial registry of the district court Nitra with reg. no. 35 800 399 operating under the laws of Slovakia and has no LEI code.

### 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 available for inspection**

The following documents are available at the Company's headquarters at Mads-Clausen Str. 7 24939 Flensburg, Germany, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus.

- the Company's articles of association;
- the Company's certificate of registration;
- Secop GmbH 's articles of association;
- Secop GmbH 's certificate of registration;
- Secop s.r.o.'s articles of association;
- Secop s.r.o.'s certificate of registration;
- the Intercreditor Agreement;
- the Guarantee and Adherence Agreement; and
- the Terms and Conditions.

The following documents are also available in electronic form on the Company's website <https://www.sg-holding.net/>:

- the Company's articles of association;
- the Company's certificate of registration;
- Secop GmbH 's articles of association;
- Secop GmbH 's certificate of registration;
- Secop s.r.o.'s articles of association;
- Secop s.r.o.'s certificate of registration;
- the Guarantee and Adherence Agreement; and
- the Terms and Conditions.

**Listing costs**

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 400,000.



## 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 Securities Depository Act and through which a Bondholder has opened a Securities Account in respect of its Bonds.

"**Acquisition**" means the acquisition by the Issuer of Nidec Global Appliance Compressors GmbH, Nidec Global Appliance Slovakia s.r.o., Nidec Global Appliance Tianjin Co. Ltd. and Nidec Global Appliance USA Inc. and each of their direct and indirect subsidiaries from the Vendors.

"**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 in the normal course of business with credit periods which are no longer than 90 days after the supply of assets or services, or (b) any other trade credit incurred in the ordinary course of business where payment is due no more than 90 days after the date of trade.

"**Affiliate**" means any Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. 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 or prior to the First Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent.

"**Agent**" means Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden or another party replacing it, as Agent, in accordance with these Terms and Conditions.

"**Applicable Floating Rate Margin**" means 6.75 per cent. per annum, but if a Vendor Claim Event occurs, 9.25 per cent. per annum. The Applicable Floating Rate Margin following a Vendor Claim Event shall apply from and including the first Interest Payment Date occurring immediately prior to the Vendor Claim Event.

"**Bond**" means a debt instrument (Sw. *skuldförbindelse*) for the Nominal Amount and which are governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

"**Bondholder**" means a person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to Clause 6 (*Bondholders' rights*).

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

"**Bond Issue**" means the Initial Bond Issue and any Subsequent Bond Issue.

"**Bridge Financing**" means the bridge financing provided in 2019 by the Investors to finance the Acquisition.

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

"**Business Day Convention**" means that if the last day of any Interest Period originally falls on a day that is not a CSD Business Day, the Interest Period will be extended to include the first following CSD Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding CSD Business Day (*Modified Following*).

"**Business Plan Extraordinary Costs**" means the non-recurring or extraordinary costs (including in to relation additional R&D projects and advisory and consultant fees) arising from the refocusing on the Group's core business by closing its Austrian production facility and discontinuing its household business.

"**Call Option Amount**" means the amount set out in Clause 9.3 (*Voluntary total redemption (call option)*), as applicable.

"**Cash and Cash Equivalents**" means, at any time, (i) cash in hand held by the Group or with a reputable bank credited to an account in the name of the Group and in each case to which the Group is beneficially and legally entitled and which is immediately available to be applied in repayment or prepayment of the Bonds or payment of interest (for the avoidance of doubt, not including e.g. any cash subject to a pledge (other than if the cash on such pledged accounts are immediately available to the Group) or similar arrangement (excluding legal right to set-off) or any amount standing on client accounts) provided that up until the Vendor Claim Amount has been repaid in full or the Vendor Loan claim has been irrevocably waived, an amount of EUR 10,000,000 shall be deducted, (ii) cash deposited as security for the rental arrangements of a Group Company which are readily available to be substituted by insurance arrangements provided that such amount may not exceed EUR 700,000 and (iii) short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value of the Group.

**"Change of Control Event"** The occurrence of an event or series of events whereby one or more persons, not being the Investors (or an Affiliate thereof), acting together, acquire control over the Issuer and where "control" means (a) acquiring or controlling, directly or indirectly, more than 50.0 per cent of the 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 to the Agent, in the agreed form between the Agent and the Issuer, signed by the Issuer, certifying (as applicable):

- (a) 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;
- (b) if provided in connection with the testing of the Incurrence Test or the Distribution Incurrence Test, that the Incurrence Test or the Distribution Incurrence Test is met and including calculations and figures in respect of the Incurrence Test or the Distribution Incurrence Test;
- (c) if the Compliance Certificate is provided in connection with that a Financial Report is made available, that the Maintenance Test is met (including figures in respect of the relevant financial tests and the basis on which they have been calculated);
- (d) if provided in connection with the Group's annual audited consolidated financial statements, information on any new Material Group Companies;
- (e) if the Compliance Certificate is provided in connection with that a Financial Report is made available, confirmation of clean down of the Super Senior RCF in accordance with Clause 13.8 (*Clean Down of Super Senior RCF*); and
- (f) if the Compliance Certificate is provided in connection with that a Financial Report is made available, the Business Plan Extraordinary Items excluded from EBITDA during the financial quarters covered by such Financial Report (being the financial quarter ending on the relevant Reference Date and the three preceding financial quarters).

**"CSD"** means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially Verdipapirsentralen ASA, Norwegian Reg. No. 985 140 421, Fred Olsens gate 1, NO-0152 Oslo, Norway.

**"CSD Business Day"** means a day on which the relevant CSD settlement system is open and the relevant Bond currency settlement system is open.

**"Delisting"** Following an Equity Listing Event, the occurrence of an event or series of events whereby the Issuer's shares are delisted from a Regulated Market.

**"Distribution Incurrence Test"** means the incurrence test set out in Clause 12.5 (*Distribution Incurrence Test*).

"EBITDA" means, in respect of the Reference Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) before deducting any Net Finance Charges;
- (c) in relation to any Reference Period ending on or before 31 March 2022, before taking into account any Business Plan Extraordinary Costs provided that such items do not exceed the amount of Business Plan Extraordinary Costs for the financial quarters included in such Reference Period as reported in the relevant Compliance Certificate (provided that such Business Plan Extraordinary Costs must be incurred between 1 April 2020 and 30 June 2021 and that the aggregate amount of Business Plan Extraordinary Costs may not exceed EUR 15,400,000);
- (d) in relation to any Reference Period ending on or after 30 September 2021, before taking into account any extraordinary items and any non-recurring items other than the Business Plan Extraordinary Costs which are not in line with the ordinary course of business provided that such extraordinary items and any non-recurring items does not exceed the aggregate of 10 per cent of EBITDA of the Reference Period;
- (e) before taking into account any Transaction Costs and any transaction costs relating to any acquisition of any additional target company;
- (f) not including any accrued interest owing to any Group Company;
- (g) 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);
- (h) before taking into account any non-cash charges attributable to post-retirement benefit schemes;
- (i) 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 including revaluation of claims due to fluctuations in currency exchange rates;
- (j) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;
- (k) after including any rental/lease payments which would have applied in accordance with the accounting principles applicable prior to 1 January 2019 in relation to any type of leases which would have been treated as operating leases in accordance with the accounting principles applicable prior to 1 January 2019;
- (l) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and

- (m) after adding back any amount attributable to the amortisation, depreciation, depletion or non-cash write-down of assets of members of the Group.

"Euro" and "EUR" means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

"EURIBOR" means:

- (a) the applicable percentage rate *per annum* displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in Euro and for a period comparable to the relevant Interest Period; or
- (b) if no screen 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 banks reasonably selected by the Issuing Agent, for deposits of EUR 10,000,000 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 Euro offered for the relevant period; and

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

"Equity Injection" means the injection of cash in the form of a share issue, an unconditional shareholder contribution or Shareholder Debt.

"Equity Listing Event" means an initial public offering of shares in the Issuer, after which such shares shall be quoted, listed, traded or otherwise admitted to trading on a regulated market or unregulated market.

"Event of Default" means an event or circumstance specified in any of the Clauses 14.1 (*Non-Payment*) to and including Clause 14.10 (*Continuation of the Business*).

"Final Maturity Date" means 28 January 2024.

"Finance Charges" means, for any Reference Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness paid or payable by any member of the Group (calculated on a consolidated basis) in cash or capitalised in respect of that Reference Period.

"Finance Documents" means:

- (a) these Terms and Conditions;
- (b) the Intercreditor Agreement (if any);
- (c) the Agency Agreement;

- (d) the Subordination Agreement;
- (e) the Security Documents;
- (f) the Guarantee and Adherence Agreement; and
- (g) any other document designated by the Issuer and the Agent or the Security Agent as a Finance Document.

**"Finance Leases"** means any finance lease, to the extent the arrangement would have been treated as a finance or a capital lease in accordance with the accounting principles applicable prior to 1 January 2019 (a lease which in the accounts of the Group is treated as an asset and a corresponding liability), and for the avoidance of doubt, any leases treated as operating leases under the accounting principles as applicable prior to 1 January 2019 shall not, regardless of any subsequent changes or amendments of the accounting principles, be considered as a finance lease.

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

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any Finance Lease;
- (c) receivables sold or discounted (other than receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above paragraphs (a)-(f).

**"Financial Report"** means the Group's annual audited consolidated financial statements or quarterly interim unaudited reports, which shall be prepared and made available according to Clauses 11.1(a)(i) and 11.1(a)(ii).

**"First Call Date"** means the date falling eighteen (18) months after the First Issue Date.

**"First Issue Date"** means 28 July 2020.

"**First Maintenance Test Date**" shall have the meaning ascribed thereto in Clause 12.2.

"**Force Majeure Event**" has the meaning set forth in Clause 26(a).

"**Group**" means the Issuer and each of its Subsidiaries from time to time and "**Group Company**" means any of them.

"**Guarantee**" means the guarantees provided by the Guarantors under the Guarantee and Adherence Agreement.

"**Guarantee and Adherence Agreement**" means the guarantee and adherence agreement pursuant to which the Guarantors shall, amongst other, (i) guarantee all amounts outstanding under the Finance Documents, including but not limited to the Bonds, plus accrued interests and expenses and (ii) undertake to adhere to the terms of the Finance Documents.

"**Guarantees**" means the guarantees provided by the Guarantors under the Guarantee and Adherence Agreement.

"**Guarantors**" means initially Secop Compressors Co. Ltd, Secop GmbH and Secop s.r.o. and any Material Group Company.

"**Incurrence Test**" means the incurrence test set out in Clause 12.4 (*Incurrence Test*).

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

"**Initial Bond Issue**" means the issuance of the Initial Bonds.

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

"**Insolvent**" means, in respect of a relevant Person, that it is deemed to be insolvent, within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), admits inability to pay its debts as they fall due, suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors 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.

"**Intercreditor Agreement**" means the intercreditor agreement to be entered into between, amongst other, the Issuer, the super senior RCF creditors under the Super Senior RCF, the facility agent under the Super Senior RCF and the Agent (representing the Bondholders).

"**Intercreditor Agreement Term Sheet**" means the intercreditor agreement term sheet attached hereto as Schedule 1 (*the Intercreditor Agreement Term Sheet*).

"**Interest**" means the interest on the Bonds calculated in accordance with Clauses 8(a) to 8(c).

"**Interest Payment Date**" means the last day of each Interest Period, the first Interest Payment Date being 28 October 2020 and the last Interest Payment Date being the Final Maturity Date (or such earlier date on which the Bonds are redeemed in full).

"**Interest Period**" means, subject to adjustment in accordance with the Business Day Convention, the period between 28 July, 28 October, 28 January and 28 April each year, provided however that an Interest Period shall not extend beyond the Final Maturity Date.

"**Interest Rate**" means EURIBOR plus the Applicable Floating Rate Margin *per annum*.

"**Investors**" means ESSVP IV L.P., ESSVP IV (Structured) L.P. and Silenos GmbH & Co. KG, acting jointly or individually, and any affiliates thereof.

"**Issuer**" means Secop Group Holding GmbH., a limited liability company incorporated in Germany with reg. no. HRB 14025 FL.

"**Issuing Agent**" means Pareto Securities AB, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"**Leverage Ratio**" means the ratio of Net Interest Bearing Debt to EBITDA.

"**Maintenance Covenants**" means the maintenance covenants set out in Clause 12.1 (*Maintenance Covenants*).

"**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 a Regulated Market 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 ability of the Group's ability perform and comply with the Finance Documents; or
- (a) the validity or enforceability of the Finance Documents.

"**Material Group Company**" means the Issuer and any other Group Company with earnings before interest, tax, depreciation and amortisation calculated on the same basis as EBITDA representing 10.00 per cent or more of EBITDA calculated on a consolidated basis according to the latest annual audited consolidated financial statements of the Group.

"**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 Group Company and any interest income relating to cash or cash equivalent investment.



**"Net Interest Bearing Debt"** means the consolidated interest bearing Financial Indebtedness less Cash and Cash Equivalents of the Group (excluding any Shareholder Debt, the Vendor Loan, any claims subordinated pursuant to a subordination agreement on terms and conditions satisfactory to the Agent and interest bearing Financial Indebtedness borrowed from any Group Company).

**"Net Proceeds"** means the proceeds from a Bond Issue after deduction has been made for the Transaction Costs payable by the Issuer to the Sole Bookrunner (if the Sole Bookrunner has requested that their fees and costs shall be deducted) and the Paying Agent for the services provided in relation to the placement and issuance of the Bonds.

**"Nominal Amount"** means in respect of each Bond the Initial Nominal Amount, less the aggregate amount by which that Bond has been redeemed in part pursuant to 9.4 (*Voluntary partial redemption*).

**"Paying Agent"** means NT Services AS, reg. no. 916 482 574 Kronprinsesse Märthas plass 1, 0160 Oslo, Norway.

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

- (a) incurred under the Bonds (except for any Subsequent Bonds);
- (b) arising under any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability in the ordinary course of business of a Group Company;
- (c) arising under a foreign exchange transaction or a commodity 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 and/or the Super Senior RCF, but not any transaction for investment or speculative purposes;
- (d) arising under any interest rate hedging transactions in respect of payments to be made under these Terms and Conditions and/or the Super Senior RCF, but not any transaction for investment or speculative purposes;
- (e) incurred under Advance Purchase Agreements;
- (f) incurred under any Shareholder Debt;
- (g) incurred by the Issuer if such Financial Indebtedness (i) is incurred as a result of a Subsequent Bond Issue and meets the Incurrence Test on a pro forma basis, or (ii) ranks pari passu or is subordinated to the obligations of the Issuer under the Finance Documents, and (A) meets the Incurrence Test on a pro forma basis (B) has a final maturity date or a final redemption date; and (C) when applicable, early redemption dates or instalment dates, in each case of (B) and (C) which occur on or after the Final Maturity Date;

- (h) taken up from a Group Company;
- (i) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD), for the purpose of securing, inter alia, the redemption of the Bonds;
- (j) any pension liabilities;
- (k) incurred under any Super Senior RCF in an aggregate amount not exceeding (i) on or prior to 30 June 2022, EUR 15,000,000 and (ii) after 30 June 2022, EUR 10,000,000;
- (l) under the Vendor Loan up until the Vendor Loan Repayment Date;
- (m) relating to supply chain financing provided by the Bank of China in an amount not exceeding the equivalent of EUR 5,000,000 and provided that no security is granted for such Financial Indebtedness;
- (n) incurred as a result of any Group Company acquiring another entity and which is due to such acquired entity holding indebtedness, provided that the Incurrence Test is met, tested pro forma on the acquired entity in question on a stand-alone basis (without the Group) and provided that the acquired debt is converted into equity or refinanced by the Issuer, by way of issuance of Subsequent Bonds or otherwise, within six (6) months following the date of the acquisition; and
- (o) any other Financial Indebtedness incurred by Group Companies not in aggregate exceeding EUR 3,000,000.

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

- (a) Means any security:
- (b) provided under the Senior Finance Documents;
- (c) over the Escrow Account;
- (d) 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);
- (e) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including any group cash pool arrangements;
- (f) provided for debt permitted under paragraph (n) of Permitted Debt but only over assets held, directly or indirectly, by such acquired entity;

- (g) provided over accounts or receivables in relation to any factoring arrangement (provided that such factoring arrangements relates to receivables sold on a non-recourse basis); and
- (h) provided pursuant to items (b), (c), (d), (j), (n) and (o) of the definition of 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.

"**Purchase Price Adjustment Amount**" means the amount that the Issuer is entitled to receive from the Vendors pursuant to the Share Purchase Agreement as agreed with the Vendors on or prior to the Vendor Loan Repayment Date and which shall either be paid in cash or by way of set-off against the Vendor Loan.

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

"**Record Date**" means the date on which a Bondholder's ownership of Bonds shall be recorded in the CSD as follows:

- (a) in relation to payments pursuant to these Terms and Conditions, the date designated as the Record Date in accordance with the rules of the CSD from time to time; or
- (b) for the purpose of casting a vote with regard to Clause 16 (*Decisions by Bondholders*), the date falling on the immediate preceding CSD Business Day to the date of that Bondholders' decision being made, or another date as accepted by the Agent.

"**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 Date**" means 31 March, 30 June, 30 September and 31 December in each year for as long as any Bonds are outstanding

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

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

"**Relevant IP-Rights**" means the trademark "Secop" (application number 4287918 (EU)), and the following patents, (i) EXT - Insulation of tubes #36 (application number 07730006.9), (ii) MOT - Aufgekantete Isolierplatte #53 (application number 08760368.4), (iii) EXT - Twist Lock-Rotation (application number 10177286.1), (iv) GAS - New suction line connector (application number 200910003675.0), (v) EXT - BD micro Integrated base plate (application number 200910160402.7), (vi) ELE - Load dump protection via 2 MOSFETs (application number 201110442826.X), (vii) MOT -

Interlocking sheets for rotor (application number 201210182716.9), (viii) ELE - Compressor Tilt Sensor (application number 201410146022.9), (ix) KIN Spring Damper I (application number 17210207.1), and (x) KIN Viton Spring Pin (application number 17801682.0).

**"Relevant Taxing Jurisdiction"** means any province, municipality or other political subdivision or governmental authority having the power to tax in or of any jurisdiction from or through which payment on the Bonds (including from any Guarantor) is made by or on behalf of the Issuer or any Guarantor or any political subdivision or governmental authority thereof or therein having the power to tax (including the jurisdiction of the Paying Agent) or any other jurisdiction in which the Issuer or any Guarantor is incorporated or organized or otherwise considered to be a resident for tax purposes. **"Residual VL Repayment Amount"** means the Vendor Claim Amount less EUR 10,000,000.

**"Restricted Payment"** has the meaning set forth in Clause 13.2(a).

**"Secured Obligations"** means (i) unless the Intercreditor Agreement has been entered into, all present and future, actual and contingent, liabilities and obligations at any time due, owing or incurred by any Group Company towards the Secured Parties outstanding from time to time under the Finance Documents, and (ii) if the Intercreditor Agreement has been entered into, the meaning given to such term in the Intercreditor Agreement.

**"Secured Parties"** means (i) unless the Intercreditor Agreement has been entered into, the Bondholders and the Agent (including in its capacity as Agent under the Agency Agreement and in its capacity as security agent), and (ii) if the Intercreditor Agreement has been entered into, the meaning given to such term in the Intercreditor Agreement.

**"Securities Account"** means the account for dematerialised securities maintained by the CSD pursuant to the Securities Depository 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.

**"Securities Depository Act"** means the Norwegian Securities Depository Act (*lov om registrering av finansielle instrumenter (lov 05.07.2002 no. 64)*).

**"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 (i) unless the Intercreditor Agreement has been entered into, the Agent as security agent or another party replacing it as Security Agent, in accordance with these Terms and Conditions, and (ii) if the Intercreditor Agreement has been entered into, the security agent appointed by the Secured Parties pursuant to the Intercreditor Agreement, holding the Transaction Security on behalf of the Secured Parties.

**"Security Documents"** means the security documents pursuant to which the Transaction Security is created and any other document designated as a Security Document by the Issuer and the Security Agent.

**"Senior Finance Documents"** shall, prior to the entering into of the Intercreditor Agreement, have the same meaning as the term "Finance Documents" and shall, after the Intercreditor Agreement have been entered into, have the same meaning given to the term in the Intercreditor Agreement.

**"Share Purchase Agreement"** means the share purchase agreement between the Issuer and the Vendors relating to the Acquisition.

**"Shareholder Debt"** means any shareholder loan made to the Issuer as debtor, if such loan:

- (a) is subordinated to the obligations of the Issuer under the Finance Documents;
- (b) according to its terms has 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 and/or cash interest that is payable after the Final Maturity Date (unless a Restricted Payment is permitted under the Finance Documents).

**"Sole Bookrunner"** means Pareto Securities AB.

**"Subordination Agreement"** means the subordination agreement entered into between, amongst others, the Issuer, the Agent and any creditor providing Shareholder Debt.

**"Subsequent Bond Issue"** has the meaning set forth in Clause 2(e).

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

**"Subsidiary"** means, in respect of which such Person, directly or indirectly:

- (a) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners;
- (b) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners; or
- (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

**"Super Senior Debt"** has the meaning given thereto in the Intercreditor Agreement, provided that the Intercreditor Agreement has been entered into.

"**Super Senior RCF**" has the meaning given thereto in the Intercreditor Agreement, provided that the Intercreditor Agreement has been entered into.

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

"**Transaction Costs**" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with (i) the Bond Issue, (ii) the listing of the Bonds, (iii) an Equity Listing Event and (iv) refinancing of the Bridge Financing.

"**Transaction Security**" means the Security provided for the Secured Obligations pursuant to the Security Documents, initially being:

- (a) share pledges over the shares issued by Secop Compressors Co. Ltd, Secop GmbH and Secop s.r.o.;
- (b) a global assignment agreement (relating to trade receivables (which are not subject to any factoring arrangement) and intra-group receivables) granted by Secop GmbH;
- (c) a pledge over the Relevant IP-Rights provided that (i) such pledge shall not be required to be registered until the occurrence of an Event of Default and (ii) all IP-rights used in the Group's business held by Secop GmbH and Secop Holding GmbH shall be pledged upon the occurrence of an Event of Default;
- (d) a pledge over the assets of Secop s.r.o; and
- (e) pledge over the property located in District Zlaté Moravce, Municipality Zlaté Moravce, Cadastral Area Zlaté Moravce, registered on ownership deed No. 5001 provided by Secop s.r.o.

"**Vendor Claim Amount**" means the amount of the Vendor Loan less the Purchase Price Adjustment Amount.

"**Vendor Claim Event**" means the occurrence of an event where the Investor has not made an Equity Injection prior to the Vendor Loan Repayment Date to cover the Residual VL Repayment Amount in accordance with Clause 13.15 (*Vendor* ) (if applicable).

"**Vendor Loan**" means the vendor loan from the Vendors to the Issuer in an initial amount of EUR 20,000,000.

"**Vendor Loan Repayment Date**" means the date when Vendor Loan is repaid as to be agreed between the Vendor and the Issuer.

"**Vendors**" means Nidec Europe B.V. and Nidec Americas Holding Corporation

"**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 EUR 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 EUR for the previous CSD Business Day, as published by the European Central Bank on its website [www.ecb.europa.eu](http://www.ecb.europa.eu). If no such rate is available, the most recently published rate shall be used instead.
- (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within the European Economic Area promptly and in a non-discriminatory manner.
- (d) No delay or omission of the Agent, the Security 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 Euro 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 initial nominal amount of each Initial Bond is EUR 1,000 (the "**Initial Nominal Amount**"). The maximum total nominal amount of the Initial Bonds is EUR 50,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of one hundred (100) per cent. of the Initial Nominal Amount.
- (d) The minimum permissible investment in the Initial Bond Issue is EUR 100,000.
- (e) Provided that the Incurrence Test is met, the Issuer may, at one or several occasions, issue Subsequent Bonds (each such issue, a "**Subsequent Bond Issue**"). Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount and the Final Maturity Date applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set 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 EUR 85,000,000 unless a 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(a), and otherwise have the same rights as the Initial Bonds.
- (f) The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank (i) without any preference among them and (ii) at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except (A) those obligations which are mandatorily preferred by law and (B) the super senior ranking of the Super Senior Debt in accordance with the Intercreditor Agreement (if any).
- (g) 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.
- (h) 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

- (a) The proceeds from the Initial Bond Issue shall be used to (i) repay the Bridge Financing, (ii) pay Transaction Costs, and (iii) finance general corporate purposes of the Group.
- (b) The proceeds from any Subsequent Bond Issue shall be used to (i) finance capital expenditure and business development, (ii) finance general corporate purposes, including investments and acquisitions and (iii) finance Transaction Costs.



## 4. Conditions Precedent and Conditions Subsequent

### 4.1 Conditions Precedent Initial Bond Issue

- (a) The Issuer shall provide, or procure the provision of, to the satisfaction of the Agent:
  - (i) constitutional documents and corporate resolutions (approving the relevant Finance Documents and authorising a signatory/-ies to execute the Finance Documents) for the Issuer and each other party to a Finance Document (other than the Agent and other than as set out under Clause 4.2 (*Conditions Subsequent*)), together constituting evidence that the Finance Documents have been duly executed;
  - (ii) copies of the Finance Documents, duly executed (other than as set out under Clause 4.2 (*Conditions Subsequent*));
  - (iii) a copy of a funds flow statement signed by the Issuer, evidencing that payments in accordance with the purpose set out in Clause 3 (*Use of Proceeds*) will be made immediately following disbursement of the Net Proceeds.
  - (iv) an agreed form Compliance Certificate;
  - (v) a legal opinion on the capacity of the Issuer to enter into these Terms and Conditions, issued by a reputable law firm.
- (b) The Agent may assume that the documentation and evidence delivered to it pursuant to Clauses 4.1(a) or 4.2 is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documentation and evidence referred to in Clause 4.1(a) above from a legal or commercial perspective of the Bondholders.
- (c) The Agent shall confirm to the Issuing Agent when it is satisfied that the conditions in 4(a) have been fulfilled (or amended or waived in accordance with Clause 19 (*Amendments and Waivers*)).
- (d) Following receipt by the Issuing Agent in accordance with Clause 4(c), the Issuing Agent shall, as applicable, settle the issuance of the Initial Bonds and, pay the Net Proceeds to the Issuer on the First Issue Date, or settle the issuance of any Subsequent Bonds and pay the Net Proceeds to the Issuer for the purpose set out in Clause 3 (*Use of Proceeds*).

### 4.2 Conditions Subsequent

The Issuer shall no later than ninety (90) Business Days following disbursement provide the Agent with the following:

- (a) constitutional documents and corporate resolutions (approving the Security Documents and Guarantee and Adherence Agreement and authorising a signatory/-ies to execute the Security Documents and Guarantee and Adherence Agreement) for the relevant parties to the Security Documents and Guarantee and Adherence Agreement;
- (b) copies of the relevant Security Documents and Guarantee and Adherence Agreement, duly executed;
- (c) the documents and other evidences to be delivered pursuant to the Security Documents to perfect and create the security thereunder;
- (d) other than as delivered pursuant to Clause 4.1 (*Conditions Precedent Initial Bonds Issue*) above, legal opinion(s) on the capacity and due execution of each party to a Finance Document not incorporated in Sweden and the validity and enforceability of the Finance Documents not governed by Swedish law, in each case issued by a reputable law firm (if applicable).

If the Conditions Subsequent have not been fulfilled to the satisfaction of the Agent (acting reasonably) or waived by the Agent within ninety (90) Business Days following disbursement, the Issuer shall repurchase all Bonds at a price equal to one hundred (100) per cent. of the Nominal Amount together with any accrued Interest.

## **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 dematerialised form in the CSD according to the Securities Depository Act and the requirements of the CSD. Registration requests relating to the Bonds shall be directed to Paying Agent or an Account Operator.
- (b) In order to carry out its functions and obligations under these Terms and Conditions, the Agent will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD (subject to applicable law).

## **6. Bondholders' rights**

- (a) If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Agent.
- (b) A Bondholder (whether registered as such or proven to the Agent's satisfaction to be the beneficial owner of the Bond as set out in paragraph (a) above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Agent shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 6 (*Bondholders' rights*) and may assume 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) The Issuer will unconditionally make available to or to the order of the Agent and/or the Paying Agent all amounts due on each payment date pursuant to the terms of these Terms and Conditions at such times and to such accounts as specified by the Agent and/or the Paying Agent in advance of each payment date or when other payments are due and payable pursuant to these Terms and Conditions.
- (b) All payments to the Bondholders in relation to the Bonds shall be made to each Bondholder registered as such in the CSD at the relevant Record Date, by, if no specific order is made by the Agent, crediting the relevant amount to the bank account nominated by such Bondholder in connection with its securities account in the CSD.
- (c) If a payment date to the Bondholders pursuant to the Finance Documents falls on a day on which either of the relevant CSD settlement system or the relevant currency settlement system for the Bonds are not open, the payment shall be made on the first following possible day on which both of the said systems are open, unless any provision to the contrary have been set out for such payment in the relevant Finance Document.
- (d) 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.
- (e) 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.
- (f) All amounts payable by the Issuer to the Bondholders shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Germany or any authority thereof or therein unless such withholding or deduction is required by law or regulation or the interpretation or application of such laws or regulations. If such withholding or deduction is required, the Issuer will at the request of the relevant Bondholder pay such additional amounts (the "**Additional Amounts**") as are necessary in order that the net amount received by the relevant Bondholder, after such withholding or deduction, shall be equal to the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction.
- (g) Notwithstanding paragraph (f) above, no Additional Amounts shall be payable on account of any taxes or duties which:

- (i) would not be imposed but for the existence of any present or former connection of the Bondholder or beneficial owner (or between a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction;
  - (ii) any taxes which could have been avoided by holding the relevant Bond through a deposit account in a member state of the European Union (other than Germany);
  - (iii) would not be payable if a relevant person could claim an exemption under a tax treaty;
  - (iv) are withheld or deducted pursuant to any European Union Directive or Regulation concerning the taxation of interest income or any provision of law implementing or complying with such Directive or Regulation;
  - (v) gives rise to a tax credit that may be effectively used by a relevant person; or
  - (vi) any combination of the items (i) through (vi) above.
- (h) In addition to paragraph (g) above, no Additional Amounts shall be paid with respect to a Bondholder who is a fiduciary or a partnership or any person other than the beneficial owner of the Bond, to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Bonds directly.
- (i) Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.
- (j) Notwithstanding anything to the contrary in these Terms and Conditions, the Bonds shall be subject to, and any payments made in relation thereto shall be made in accordance with, the rules and procedures of the CSD.

## **8. Interest**

- (a) Each Initial Bond carries Interest at the Interest Rate from (and including) the First Issue Date up to (but excluding) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (and including) the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to (but excluding) 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 (2) per cent. 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, the Paying 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 only some, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a CSD Business Day, then the redemption shall occur on the first following CSD Business Day.

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

The Issuer may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way. The Bonds held by the Issuer may at the Issuer's discretion be retained or sold but not cancelled (other than in connection with a redemption in full).

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

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full:
  - (i) any time from and including the First Issue Date to, but excluding, the First Call Date at an amount per Bond equal to 103.375 per cent. of the Nominal Amount plus the remaining interest payments, calculated in accordance with Clause 9.3(c), up to and including the First Call Date together with accrued but unpaid Interest;
  - (ii) any time from and including the First Call Date to, but excluding, the first Business Day falling 24 months after the First Issue Date at an amount per Bond equal to 103.375 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
  - (iii) any time from and including the first Business Day falling 24 months after the First Issue Date to, but excluding, the first Business Day falling

30 months after the First Issuer Date at an amount per Bond equal to 102.025 per cent. of the Nominal Amount, together with accrued but unpaid Interest;

- (iv) any time from and including the first Business Day falling 30 months after the First Issue Date to, but excluding, the Final Maturity Date at an amount per Bond equal to 100.675 per cent. of the Nominal 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. Upon receipt of such notice, the Agent shall inform the Paying 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.
- (c) For the purpose of calculating the remaining interest payments pursuant to Clause 9.3(a)(i) 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, the Paying Agent and the Agent in connection with such repayment.

#### **9.4 Voluntary partial redemption**

- (a) The Issuer may redeem the Bonds on one occasion per each twelve month period (without carry-back or carry forward) in a maximum aggregate amount not exceeding five (5) per cent. of the total Initial Nominal Amount. The repayment must occur on an Interest Payment Date. The repayment per Bond shall be equal the repaid percentage of the Nominal Amount (rounded down to the nearest EUR 1.00) plus up to, but excluding, the First Call Date a premium on the repaid amount equal to the Call Option Amount set out in Clause 9.3(a)(ii) and thereafter, as applicable considering when the repayment occurs, a premium on the repaid amount equal the Call Option Amount for the relevant period.
- (b) Partial redemption in accordance with this Clause 9.4 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 and, upon expiry of such notice, the Issuer is bound to redeem the Bonds in part on the immediately following Interest Payment Date at the applicable amounts. The applicable amount shall be an even amount in EUR and paid to the Person who is registered as a Bondholder on the Record Date prior to the relevant Redemption Date.
- (c) Notwithstanding paragraph (a) - (b) above, the Nominal Amount must be 85 per cent. of the total Initial Nominal Amount at any time other than in connection with a redemption of the Bonds in full in accordance with Clause 9.1 (*Redemption at maturity*) or Clause 9.3 (*Voluntary total redemption (call option)*).

### **9.5 Mandatory repurchase due to a Change of Control Event, Delisting (put option)**

- (a) Upon the occurrence of a Change of Control Event or Delisting 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 together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event or Delisting pursuant to Clause 11.1(e) (after which time period such rights lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event or Delisting.
- (b) The notice from the Issuer pursuant to Clause 11.1(e) 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 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(e). The repurchase date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 9.5(a).
- (c) 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 9.5, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.5 by virtue of the conflict.
- (d) Any Bonds repurchased by the Issuer pursuant to this Clause 9.5 may at the Issuer's discretion be retained or sold, but not cancelled (except in connection with a full redemption of the Bonds).

## **10. Transaction Security and Guarantees**

- (a) Subject to the Intercreditor Agreement (if any), as continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer, the Guarantors and each Group Company party to any Security Document and/or the Guarantee and Adherence Agreement grants the Transaction Security and the Guarantees (as applicable) to the Secured Parties as represented by the Security Agent on the terms set out in the Security Documents and the Guarantee and Adherence Agreement (as applicable).
- (b) The Security Agent shall hold the Transaction Security and the Guarantees on behalf of the Secured Parties in accordance with the Security Documents, the Guarantee and Adherence Agreement, and the Intercreditor Agreement (if any) (as applicable). The Issuer shall, and shall procure that the Guarantors and each Group Company party to any Security Document and/or the Guarantee and Adherence Agreement (as applicable) will, enter into the Security Documents and/or the Guarantee and Adherence Agreement (as applicable) and perfect the Transaction Security in accordance with the Security Documents.

- (c) Unless and until the Security Agent has received instructions to the contrary in accordance with the Intercreditor Agreement (or if no Intercreditor Agreement is entered into, in accordance with Clause 16 (*Decisions by Bondholders*)), the Security 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 Security 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', the super senior RCF creditor's under the Super Senior RCF, the creditors' under any New Debt, or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents and provided that such agreements or actions are not detrimental to the interest of the Bondholders.
- (d) The Agent shall be entitled to give instructions relating to the Transaction Security and the Guarantees to the Security Agent in accordance with the Intercreditor Agreement (if any).
- (e) The Issuer may request that the Agent enters into an intercreditor agreement governing the relationship between the Bondholders (represented by the Agent), the creditors in respect of the Super Senior RCF and any provider of New Debt (as defined in the Intercreditor Agreement Term Sheet) substantially in the form set out in the Intercreditor Agreement Term Sheet).

## **11. Information to Bondholders**

### **11.1 Information from the Issuer**

- (a) The Issuer shall make the following information available in the English language by publication on the website of the Issuer:
  - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the annual audited consolidated financial statements of the Group, 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 unaudited consolidated reports or the year-end report (Sw. *bokslutskommuniké*) (as applicable), 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) as soon as practicable following an acquisition or disposal of Bonds by a Group Company, the aggregate Nominal Amount held by Group Companies.



- (b) The first Financial Report to be delivered pursuant to paragraph (a) above shall be delivered on a date falling no later than two (2) months after 31 December 2020.
- (c) Any other information required by the Swedish Securities Markets Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (if applicable) and the rules and regulations of the Regulated Market on which the Bonds are admitted to trading.
- (d) When the Bonds have been listed on a Regulated Market:
  - (i) the information set out in Clause 11.1(a) shall also be made available by way of press release; and
  - (ii) the reports referred to in Clause 11.1(a)(i) and Clause 11.1(a)(ii) shall be prepared in accordance with IFRS. 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.
- (e) The Issuer shall promptly notify the Agent and the Bondholders upon becoming aware of the occurrence of a Change of Control Event or Delisting, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice. A notice regarding a Change of Control Event may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for a Change of Control Event.
- (f) The Issuer shall promptly notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. 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 shall submit a duly executed Compliance Certificate to the Agent:
  - (i) in connection with the testing of the Incurrence Test or the Distribution Incurrence Test;
  - (ii) in connection with that the annual financial statements is made available
  - (iii) at the Agent's request, within 20 days from such request.

- (h) The Agent may assume that any information provided by the Issuer in the Compliance Certificate delivered pursuant to paragraph (f) above is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information.
- (i) The Issuer is only obliged to inform the Agent pursuant 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**

- (a) Subject to applicable laws, regulations and the restrictions of a non-disclosure agreement entered into by the Agent in accordance with 11.2(b), 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.
- (b) If a committee representing the Bondholders' interests under the Finance Documents has been appointed by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Bondholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

## **11.3 Publication of Finance Documents**

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

## **12. Financial Undertakings**

### **12.1 Maintenance Covenants**

The Issuer shall ensure that:

- (a) the Leverage Ratio is equal to or less than:

- (i) 5.00x from the First Issue Date until (including) the date falling twelve (12) months after the First Maintenance Test Date;
  - (ii) 4.75x from (but excluding) the date falling 12 months after the First Maintenance Test Date until (and including) the date falling 24 months after the First Maintenance Test Date; and
  - (iii) 4.50x from (but excluding) the date falling 24 months after the First Maintenance Test Date until (and including) the Final Maturity Date; and
- (b) no Event of Default is continuing.

## 12.2 Testing of the Maintenance Covenants

The Maintenance Covenants shall be calculated in accordance with the accounting principles applicable to the Issuer and tested by reference to each of the Financial Reports on each Reference Date with respect to the Reference Period ending on such Reference Date. The first test date shall be 31 December 2020 (the "**First Maintenance Test Date**").

## 12.3 Equity Cure

- (a) If there is a breach of any of the Maintenance Covenants, no Event of Default will occur if, within thirty (30) Business Days of the earlier of (i) the delivery of the relevant Compliance Certificate evidencing that breach and (ii) the date when such Compliance Certificate should have been delivered in accordance with the Terms and Conditions, the Issuer has received Equity Injection in an amount sufficient to ensure compliance with the relevant Maintenance Covenant, as at the relevant Reference Date (the "**Cure Amount**").
- (b) The calculation of the Leverage Ratio shall be adjusted so that the Net Interest Bearing Debt for the Reference Period is reduced with an amount equal to the Cure Amount.
- (c) Any Equity Cure must be made in cash and no more than two (2) Equity Cures are to be made over the life of the Bonds. Equity Cures may not be injected in respect of any consecutive calendar quarters.

## 12.4 Incurrence Test

The Incurrence Test is met if:

- (a) the Leverage Ratio is equal to or less than 3.00x (calculated pro forma including such incurrence); and
- (b) no Event of Default is continuing or would occur upon the incurrence of Financial Indebtedness.

## 12.5 Distribution Incurrence Test

The Distribution Incurrence Test is met if:

- (a) the Leverage Ratio is equal to or less than 2.00x (calculated pro forma including such incurrence); and
- (b) no Event of Default is continuing or would occur upon the making of the relevant Restricted Payment.

## **12.6 Testing of the Incurrence Test and the Distribution Incurrence Test**

The Leverage Ratio for purpose of the Incurrence Test shall be calculated as follows:

- (a) the calculation shall be made as per a testing date determined by the Issuer, falling no more than three (3) months prior to the relevant Restricted Payment or incurrence of the new Financial Indebtedness (as applicable); and
- (b) the amount of Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include any new Financial Indebtedness provided it is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce Net Interest Bearing Debt).

## **12.7 Calculation Adjustments**

The figures for EBITDA for the Reference Period ending on the relevant test date shall be used for the Incurrence Test, Distribution Incurrence Test and the Maintenance Test, but adjusted so that:

- (a) entities acquired by the Group during the Reference Period, or after the end of the Reference Period but before the relevant testing date, shall be included, pro forma, for the entire Reference Period; and
- (b) entities disposed of or operations discontinued by the Group during the Reference Period, or after the end of the Reference Period but before the relevant testing date, shall be excluded, pro forma, for the entire Reference Period.

## **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. Any undertaking set out in this Clause 13 referring to any Guarantor shall be made by such Guarantor under the Guarantee and Adherence Agreement.

### **13.2 Restricted Payments**

- (a) The Issuer shall not and shall procure that none of its Subsidiaries will:

- (i) pay any dividend on its shares (other than to the Issuer or a wholly-owned, direct or indirect, Subsidiary of the Issuer and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a pro rata basis);
- (ii) repurchase or redeem any of its own shares;
- (iii) redeem or reduce its share capital or other restricted or unrestricted equity with repayment to shareholders (other than if the shareholder is a Group Company);
- (iv) grant any loans (other than to the Issuer or a wholly-owned Subsidiary of the Issuer);
- (v) repay any Shareholder Debt or pay capitalised or accrued interest thereunder; or
- (vi) make any other similar distribution or transfers of value to the direct or indirect shareholders of the Issuer, or any Affiliates of the Issuer (other than to the Issuer or a wholly-owned, direct or indirect, Subsidiary of the Issuer and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a pro rata basis).

(paragraphs (i)-(vi) above are together and individually referred to as a "**Restricted Payment**").

- (b) Notwithstanding the above, a Restricted Payment may be made:
  - (i) for the purpose of the refinancing of the Bridge Financing in an amount not exceeding EUR 70,000,000 provided that, other than the cash from the Initial Bond Issue, no more than EUR 20,000,000 of the Group's cash may be used to refinance the Bridge Financing; and/or
  - (ii) if, on the Vendor Loan Repayment Date, the paid amount of the Vendor Claim Amount is less than EUR 10,000,000, the Issuer may make a Restricted Payment in an amount equal to EUR 10,000,000 minus the paid Vendor Claim Amount provided that:
    - (A) the Vendor Loan has been repaid in full (including by way of set-off against the Purchase Price Adjustment Amount); and
    - (B) no Event of Default is outstanding or would occur as a result of such Restricted Payment; and/or
  - (iii) by the Issuer if the Distribution Incurrence Test is met (tested pro forma including the relevant Restricted Payment provided that such Restricted Payment does not exceed 50 per cent of the Group's consolidated net profit for the previous financial year however not prior to January 1, 2022

### 13.3 Listing:

The Issuer shall use its best efforts to ensure that:

- (a) the Initial Bonds are listed on:
  - (i) a Regulated Market within 12 months after the issuance of such Bonds; and
  - (ii) Frankfurt Stock Exchange Open Market no later than 60 days after the First Issue Date and with an intention to list within 30 days; and
- (b) any Subsequent Bonds are listed on:
  - (i) the relevant Regulated Market no later than 60 days after the issuance of such Subsequent Bonds and with an intention to list within 30 days (unless such Subsequent Bonds are issued prior to the date falling 12 months from the First Issue Date in which case they shall be listed within 12 months from the First Issue Date; and
  - (ii) Frankfurt Stock Exchange Open Market no later than 60 days after the issuance of such Subsequent Bonds and with an intention to list within 30 days, and
- (c) the Bonds, if admitted to trading on a Regulated Market and/or Frankfurt Stock Exchange Open Market, continue being listed thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of the relevant Regulated Market and/or Frankfurt Stock Exchange Open Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

### 13.4 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 if such substantial change would have a Material Adverse Effect.

### 13.5 Financial Indebtedness

The Issuer shall not, and shall procure that no other Group Company will, incur, prolong, renew or extend any Financial Indebtedness, provided however that the Issuer and its Subsidiaries have a right to incur, prolong, renew or extend Financial Indebtedness that constitutes Permitted Debt.

### 13.6 Disposal of Assets

The Issuer shall not, and shall procure that no other Group Company will, sell or otherwise dispose of any shares in any Group Company or of any substantial assets or operations to any person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions

customary for such transaction and provided that it does not have a Material Adverse Effect.

### **13.7 Negative Pledge**

The Issuer shall not, and shall procure that no other Group Company will, provide, prolong or renew any security over any of its/their assets (present or future), provided however that the Group have a right to provide, retain, prolong or renew, any Permitted Security.

### **13.8 Clean Down of Super Senior RCF**

Provided that an Intercreditor Agreement has been entered into, the Issuer shall procure that during each calendar year there shall be a period of three (3) consecutive days during which the amount outstanding under the Super Senior RCF (excluding any non-cash elements of ancillary facilities), less Cash and Cash Equivalents of the Group, amounts to zero (0) or less. Not less than six (6) months shall elapse between two such periods.

### **13.9 Dealings at arm's length terms**

The Issuer shall, and shall procure that each other Group Company will, conduct all dealings with their direct and indirect shareholders (excluding the Issuer and any other Group Company) and/or any Affiliates of such direct and indirect shareholders on arm's length terms.

### **13.10 Loans out**

The Issuer shall not, and shall procure that no other Group Company will, extend any loans in any form to any other party than (i) to other Group Companies, or (ii) in the ordinary course of business.

### **13.11 Compliance with laws and authorisations**

The Issuer shall, and shall make sure that each other Group Company will, (i) comply with all laws and regulations applicable from time to time and (ii), obtain, maintain, and comply with, the terms and conditions of any authorisation, approval, licence, registration or other permit required for the business carried out by a Group Company, in each case, if failure to do so has or is reasonably likely to have a Material Adverse Effect.

### **13.12 Nomination of Material Group Companies**

At:

- (a) the First Issue Date and thereafter once every year (starting in 2021) (simultaneously with the publication by the Issuer of the audited annual financial statements of the Group); and

- (b) the date of acquisition of any assets by a Group Company for a consideration in excess of 10 per cent. of EBITDA of the Group (calculated on a consolidated basis) (simultaneously with the delivery by the Issuer of the Compliance Certificate related the incurrence of such Permitted Debt),

the Issuer shall ensure that each Group Company (other than Secop Austria GmbH provided that the manufacturing operations of Secop Austria GmbH are discontinued no later than December 2020) which (on a consolidated basis in the case of a Group Company which itself has Subsidiaries) has EBITDA representing 10 per cent. or more of EBITDA of the Group (calculated on a consolidated basis) determined by reference to the most recent audited annual financial statements, are listed as Material Group Companies in the relevant Compliance Certificate delivered in connection thereto.

### **13.13 Additional Security over Material Group Companies**

The Issuer shall procure that Security over the shares in each Material Group Company (subject to customary financial assistance and corporate benefit limitations) is granted no later than 60 days after its nomination in accordance with the Clause 13.12 (*Nomination of Material Group Companies*) above and in connection therewith provide to the Agent:

- (a) constitutional documents and corporate resolutions (approving the relevant Security Document and authorising a signatory/-ies to execute that Security Document) for the relevant security provider and each other party to that Security Document (other than the Agent);
- (b) copies of the relevant Security Documents duly executed;
- (c) evidence that the Transaction Security pursuant to (a) above either has been or will be perfected in accordance with the terms of the relevant Security Documents;
- (d) any legal opinion on the capacity and due execution in respect of any entity being party to the relevant Security Document unless it is incorporated in Sweden, issued by a reputable law firm; and
- (e) any legal opinion on the validity and enforceability in respect of the relevant Security Document unless it is governed by Swedish law which, if requested by the Agent, shall also include customary opinions regarding the role of the Security Agent in such jurisdiction (such as no residency or registration requirement and no need to deposit funds), issued by a reputable law firm.

### **13.14 Additional Guarantors**

The Issuer shall procure that each Material Group Company accedes to the Guarantee and Adherence Agreement no later than 60 days after its nomination in accordance with Clause 13.12 (*Nomination of Material Group Companies*) above and in connection therewith provides to the Agent:

- (a) duly executed accession letters to the Guarantee and Adherence Agreement;



- (b) duly executed accession letters to the Intercreditor Agreement (if any);
- (c) constitutional documents and corporate resolutions (approving the relevant Finance Documents and authorising a signatory/-ies to execute the Finance Documents) for it and each other party to a Finance Document (other than the Agent);
- (d) any legal opinion on the capacity and due execution unless such Material Group Company is incorporated in Sweden, issued by a reputable law firm; and
- (e) any legal opinion on the validity and enforceability in respect of any Finance Documents unless it is governed by Swedish law which, if requested by the Agent, shall also include customary opinions regarding the role of the Security Agent in such jurisdiction (such as no residency or registration requirement and no need to deposit funds), issued by a reputable law firm.

### **13.15 Vendor Loan**

- (a) The Issuer shall promptly pay the Vendor Claim Amount to the Vendors on the Vendor Loan Repayment Date.
- (b) If the Vendor Claim Amount exceeds EUR 10,000,000 on the Vendor Loan Repayment Date, the Investors shall make an Equity Injection to the Issuer in an amount equal to at least the Residual VL Repayment.

## **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 or a Guarantor fails to pay an amount on the date it is due in accordance with the Finance Documents unless:

- (a) its failure to pay is caused by administrative or technical error; and
- (b) payment is made within five (5) CSD Business Days of the due date.

### **14.2 Maintenance Covenants**

The Issuer has failed to comply with any of the Maintenance Covenants and such failure has not been cured in accordance with provisions for the equity cure set out in Clause 12.3 (*Equity Cure*).

### **14.3 Other Obligations**

A party (other than the Agent and the Security Agent) fails to comply with the Finance Documents, in any other way than as set out in Clauses 14.1 (*Non-Payment*) and 14.2 (*Maintenance Covenants*), provided that no Event of Default will occur if the failure to comply is capable of being remedied and the Issuer or that party has remedied the

failure within fifteen (20) Business Days of the earlier (i) the Issuer or that party becoming aware of the failure to comply and (ii) the Agent requesting the Issuer in writing to remedy such failure.

#### **14.4 Cross payment default and Cross-acceleration**

Any Financial Indebtedness of a Group Company is:

- (a) not paid when due as extended by any originally applicable grace period (if there is one); or
- (b) 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 Clause 14.4 if (i) the aggregate amount of Financial Indebtedness that has fallen due is less than EUR 3,000,000 (or the equivalent thereof in any other currency) or (ii) it is owed to a Group Company.

#### **14.5 Insolvency**

- (a) Any 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 generally (except for Bondholders) with a view to rescheduling its Financial Indebtedness.
- (b) A moratorium is declared in respect of the Financial Indebtedness of any 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 Business Days of commencement or, if earlier, the date on which it is advertised, (ii) proceedings or petitions concerning a claim which is less than EUR 3,000,000 (or the equivalent thereof in any other currency), and (iii), in relation to Subsidiaries of the Issuer, solvent liquidations) in relation to:

- (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (*Sw. företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise) of any Group Company; and
- (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any 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 Group Company having an

aggregate value of an amount equal to or exceeding EUR 3,000,000 (or the equivalent thereof in any other currency) and is not discharged within 60 Business Days.

#### **14.8 Mergers and demergers**

A decision is made that any Group Company shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that a merger subject to existing security between Subsidiaries only or between the Issuer and a Subsidiary, where the Issuer is the surviving entity, shall not be an Event of Default and a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged.

#### **14.9 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.

#### **14.10 Continuation of the Business**

The Issuer or any other Group Company ceases to carry on its business (other than (i) following a Permitted Merger, (ii) a solvent liquidation permitted pursuant to Clause 14.6 (*Insolvency Proceedings*) above or (iii) a disposal permitted under the Finance Documents), if such discontinuation is likely to have a Material Adverse Effect.

#### **14.11 Acceleration of the Bonds**

- (a) Upon the occurrence of an Event of Default which is continuing but subject to the terms of the Intercreditor Agreement (if any), the Agent is entitled to, and shall following an instruction given pursuant to Clause 14.11(d), on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, 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, 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 (in accordance with these Terms and Conditions) instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the 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) Subject to the Intercreditor Agreement (if any), in the event of an acceleration of the Bonds in accordance with this Clause 14.11, the Issuer shall up to, but excluding, the First Call Date redeem all Bonds at an amount per Bond equal to the Call Option Amount set out in Clause 9.3(a)(ii) and thereafter, as applicable considering when the acceleration occurs, redeem all Bonds at an amount per Bond equal to the Call Option Amount for the relevant period.

## 15. Distribution of Proceeds

- (a) Unless an Intercreditor Agreement has been entered into, 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 or the Guarantees (in the case of Guarantees to the extent proceeds from the Guarantees can be applied towards satisfaction of the below) shall be distributed in the following order of priority:
  - (i) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Finance Documents (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, the enforcement of the Transaction Security or the Guarantees or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 20.2(g), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16(m);
  - (ii) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
  - (iii) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and

- (iv) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

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

- (b) If the Intercreditor Agreement has been entered into, 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 or the Guarantees (in the case of Guarantees to the extent proceeds from the Guarantees can be applied towards satisfaction of the Secured Obligations) shall be distributed in accordance with the Intercreditor Agreement.
- (c) If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 15(a)(i), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 15(a)(i).
- (d) Unless an Intercreditor Agreement has been entered into, funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security or the Guarantees 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. If the Intercreditor Agreement has been entered into such funds shall be promptly turned over to the Security Agent to be applied in accordance with the Intercreditor Agreement.
- (e) If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7(a) shall apply and for any partial redemption in accordance with Clause 9.4 (*Voluntary partial redemption*) due but not made, the Record Date specified in Clause 9.4(b) shall apply.

## 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 CSD 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 Bondholder, or the beneficial owner thereof having presented relevant evidence to the Agent pursuant to Clause 6 (*Bondholders' rights*):
  - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (ii) on the CSD 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 ( $66 \frac{2}{3}$ ) 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, EUR 85,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Bonds are issued);
  - (ii) a change to the terms of any of Clause 2(a), and Clauses 2(f) to 2(h);
  - (iii) a reduction of the premium payable upon the redemption or repurchase of any Bond pursuant to Clause 9 (*Redemption and Repurchase of the Bonds*);
  - (iv) a change to the Interest Rate or the Nominal Amount (other than as a result of an application of Clause 9.4 (*Voluntary partial redemption*));
  - (v) waive a breach of or amend an undertaking set out in Clause 13 (*General Undertakings*);

- (vi) a change to the terms for the distribution of proceeds set out in Clause 15 (*Distribution of Proceeds*);
  - (vii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 16;
  - (viii) a change of issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
  - (ix) subject to the Intercreditor Agreement (if any), a release of the Transaction Security or the Guarantees, except in accordance with the terms of the Security Documents and/or the Guarantee and Adherence Agreement (as applicable);
  - (x) a mandatory exchange of the Bonds for other securities; and
  - (xi) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 14 (*Events of Default and Acceleration of the Bonds*) or as otherwise permitted or required by these 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 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). 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)(ii)), an acceleration of the Bonds or the enforcement of any Transaction Security or Guarantees.
- (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 case of a matter pursuant to Clause 16(e), and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
- (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.
- If a quorum exists for some, but not all, of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- (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 or an Affiliate.
- (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 Issuer 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) CSD 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) CSD 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) and (iv) 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 (which may be conducted electronically) no later than five (5) CSD 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 CSD 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 CSD 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 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 and/or the Security Agent (as applicable) (in each case acting on behalf of the Bondholders) may (subject to the terms of the Intercreditor Agreement, if any) agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
  - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (iii) 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, to the extent such registration is possible with the rules of the relevant CSD.
- (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 and the Security Agent**

### **20.1 Appointment of Agent and the Security Agent**

- (a) By subscribing for Bonds, each initial Bondholder:

- (i) appoints the Agent and the Security Agent to act as its agent and security agent (as applicable) in all matters relating to the Bonds and the Finance Documents, and authorises each of the Agent and the Security 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 the Guarantees; and
  - (ii) confirms, after the entering into of the Intercreditor Agreement, the appointment under the Intercreditor Agreement of the Security Agent to act as its agent in all matters relating to the Transaction Security, the Security Documents, the Guarantees and the Guarantee and Adherence Agreement, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security and the Guarantees and acknowledges and agrees that the rights, obligations, role of and limitations of liability for the Security Agent is further regulated in the Intercreditor Agreement.
- (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 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. 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) Each of the Agent and the Security Agent is entitled to fees for its respective work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's and the Security Agent's respective obligations as Agent and Security Agent (as applicable) under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) Each of the Agent and the Security 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 and the Security Agent

- (a) Each of the Agent and the Security Agent shall represent the Bondholders subject to and in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security pursuant to the Security Documents and the Guarantees pursuant to the Guarantee and Adherence Agreement on behalf of the Bondholders and, where relevant, enforcing the Transaction Security on behalf of the Bondholders. Neither the Agent nor the Security Agent is 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, each of the Agent and the Security Agent is always acting with binding effect on behalf of the Bondholders. Each of the Agent and the Security Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) Each of the Agent's and the Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Agent and the Security 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, neither the Agent nor the Security Agent is acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other Person.
- (d) Neither the Agent nor the Security Agent is 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, each of the Agent and the Security Agent is entitled to assume that no Event of Default (or any event that may lead to an Event of Default) has occurred.
- (e) Each of the Agent and the Security Agent is entitled to delegate its duties to other professional parties, but each of them shall remain liable for the actions of such parties under the Finance Documents.
- (f) Each of the Agent and the Security 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) Each of the Agent and the Security Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent and/or the Security 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 and/or the Security 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/or the Security Agent and the Issuer. Any compensation for damages or other recoveries received by the Agent and/or the Security 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) The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreements and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.
- (i) Notwithstanding any other provision of the Finance Documents to the contrary, neither the Agent nor the Security Agent is 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.
- (j) If in the Agent's or Security Agent's (as applicable) reasonable opinion the cost, loss or liability which it may incur (including its respective reasonable fees) 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 or the Security Agent (as applicable) 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.
- (k) Unless it has actual knowledge to the contrary, each of the Agent and the Security 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.
- (l) Each of the Agent and the Security 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 or the Security Agent under the Finance Documents or (ii) if it refrains from acting for any reason described in Clause 20.2(j).

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

- (a) Neither the Agent nor the Security Agent will 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. Neither the Agent nor the Security Agent shall be responsible for indirect loss.
- (b) Neither the Agent nor the Security Agent shall be considered to have acted negligently if it has acted in accordance with advice addressed to it from or opinions of reputable external experts or if it has acted with reasonable care in a situation when it 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) Neither the Agent nor the Security Agent shall 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 it to the Bondholders, provided that it 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 it for that purpose.
- (d) Neither the Agent nor the Security Agent shall have any liability to the Bondholders for damage caused by it 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 or the Security 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 any other Person.

#### **20.4 Replacement of the Agent and the Security Agent**

- (a) Subject to Clause 20.4(f), each of the Agent and the Security Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent and/or the Security 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 and/or the Security Agent is Insolvent, the Agent and/or the Security Agent (as applicable) shall be deemed to resign as Agent and/or the Security Agent (as applicable) and the Issuer shall within ten (10) Business Days appoint a successor Agent and/or a successor Security Agent (as applicable) 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 CSD 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/or the Security Agent and appointing a new Agent and/or the new Security Agent (as applicable). 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 and/or the Security Agent be dismissed and a new Agent and/or a new Security Agent (as applicable) be appointed.

- (d) If the Bondholders have not appointed a successor Agent and/or successor Security 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 and/or the Security Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent and/or successor Security Agent (as applicable) which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent and/or the retiring Security Agent (as applicable) shall, at its own cost, make available to the successor Agent and/or the successor Security Agent (as applicable) such documents and records and provide such assistance as the successor Agent and/or successor Security Agent may reasonably request for the purposes of performing its functions as Agent and/or the Security Agent (as applicable) under the Finance Documents.
- (f) The Agent's and the Security Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and/or the successor Security Agent (as applicable) and acceptance by such successor Agent and/or the successor Security Agent (as applicable) of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent and/or the retiring Security Agent (as applicable).
- (g) Upon the appointment of a successor, the retiring Agent and/or the retiring Security 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 and/or the Security Agent (as applicable). 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 and/or the Security Agent.
- (h) In the event that there is a change of the Agent and/or the Security Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent and/or the new Security Agent may reasonably require for the purpose of vesting in such new Agent and/or the new Security Agent (as applicable) the rights, powers and obligation of the Agent and/or the Security Agent and releasing the retiring Agent and/or the retiring Security Agent (as applicable) from its respective further obligations under the Finance Documents. Unless the Issuer and the new Agent and/or the new Security Agent agrees otherwise, the new Agent and/or the new Security Agent shall be entitled to the same fees and the same indemnities as the retiring Agent and/or the retiring Security Agent (as applicable).

## **21. Appointment and Replacement of the CSD**

- (a) The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD regulations and the other regulations applicable to the Bonds.

- (b) The CSD may retire from its assignment or be dismissed by the Issuer provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Bondholder.

## **22. Appointment and Replacement of the Paying Agent**

- (a) The Issuer appoints the Paying 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 Paying 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 Paying Agent at the same time as the old Paying Agent retires or is dismissed. If the Paying Agent is Insolvent, the Issuer shall immediately appoint a new Paying Agent, which shall replace the old Paying Agent as paying agent in accordance with these Terms and Conditions.

## **23. No Direct Actions by Bondholders**

- (a) A Bondholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security or the Guarantees 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 23(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 such actions (however, any action taken by a Bondholder must always be permitted under the Intercreditor Agreement (if any)) (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 20.1(c)), 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 by any reason described in Clause 20.2(j), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2(l) before a Bondholder may take any action referred to in Clause 23(a).
- (c) The provisions of Clause 23(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 due to a Change of Control Event, Delisting (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.



## 24. 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. preskriptionslag (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.

## 25. Notices and Press Releases

### 25.1 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 (*Sw. Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the Agent from time to time;
  - (ii) if to the Issuer, shall be given at the address registered with the German Companies Registration Office on the Business Day prior to dispatch or if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
  - (iii) if to the Bondholders, shall:
    - (A) if made by the Agent, be sent to the Bondholders via the CSD with a copy to the Issuer. Any such notice or communication will be deemed to be given or made via the CSD, when sent from the CSD; or
    - (B) if made by the Issuer, be sent to the Bondholders via the Agent or through the CSD with a copy to the Agent.
- (b) Any notice or other communication made by one Person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or if between the Issuer and the Agent, by email, and will only be effective:

- (i) in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1(a);
  - (ii) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1(a); or
  - (iii) in case of email, on the day of dispatch (unless a delivery failure message was received by the sender), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day.
- (c) 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.

## 25.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.3 (*Voluntary total redemption (call option)*), 9.4 (*Voluntary partial redemption*), 11.1(e), 14.11(c), 16(o), 17(a), 18(a) and 19(c) shall also be published by way of press release by the Issuer or the Agent, as applicable.
- (b) In addition to Clause 25.2(a), if any information relating to the Bonds or the Group contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

## 26. Force Majeure and Limitation of Liability

- (a) None of the Agent, the Security Agent or the Paying 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, the Security Agent or the Paying Agent itself takes such measures, or is subject to such measures.
- (b) The Paying Agent shall have no liability to the Bondholders if it has observed reasonable care. The Paying 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, the Security Agent or the Paying 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 26 apply unless they are inconsistent with the provisions of the applicable securities registration legislation which provisions shall take precedence.

## **27. 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 (Sw. *Stockholms tingsrätt*).

# INTERCREDITOR TERM SHEET

ISIN: NO0010887508

**Maximum EUR 85,000,000**

**Senior Secured Callable Floating Rate Bonds 2020/2024**

**(the "Bonds")**

**and**

**an up to EUR 15,000,000 super senior revolving facility**

*This intercreditor term sheet (this "ICA Term Sheet") should be read together with the term sheet for the Bonds (the "Bond Term Sheet").*

*Unless otherwise defined in this ICA Term Sheet, terms defined in the terms and conditions for the Bonds, which terms are the same as the ones defined in the Bond Term Sheet, shall have the same meanings when used in this ICA Term Sheet.*

- Original Parties:** To establish the relative rights of creditors under various financing arrangements, the Intercreditor Agreement will be entered into by:
1. the Issuer and the Guarantors (the "**Original ICA Group Companies**");
  2. Nordic Trustee & Agency AB (publ), acting as Bonds agent (on behalf of the Bondholders) (the "**Original Bonds Agent**"); and
  3. Nordic Trustee & Agency AB (publ), acting as security agent (on behalf of the Secured Parties) (the "**Original Security Agent**").
- Acceding Parties:** Each of the following Person(s) shall accede to the Intercreditor Agreement (without being required to obtain any prior consent from any other party to the Intercreditor Agreement):
- (a) any shareholder providing and any Group Company incurring Shareholder Debt;
  - (b) a Person providing refinancing of the Super Senior Debt or the Senior Debt or assuming rights or obligations with respect to, any of the Secured Obligations (or a representative or agent representing such Persons);
  - (c) any Facility Agent and Super Senior Creditor; or
  - (d) a Person providing New Debt (or a representative or agent representing such Persons).
- Background:**
- The Security provided for the benefit of the Secured Parties will (to the extent permitted by applicable law and practically possible) be a single Security package which will be held pursuant to Swedish and other relevant laws and the Intercreditor Agreement. The Security Agent will be appointed as initial security agent to hold the Security on behalf of each of the Secured Parties.
- The waterfall arrangements in the Intercreditor Agreement will reflect the ranking of the liabilities owed by the ICA Group Companies to the Secured Parties, as set out in this ICA Term Sheet.
- The Intercreditor Agreement will incorporate, amongst others, the principles set out in the following paragraphs.
- Definitions:**
- "Bonds Agent"** means (i) the Original Bonds Agent or (ii) a new agent replacing the Original Bonds Agent in accordance with the Terms and Conditions.
- "Conflicting Enforcement Instructions"** means instructions (or proposed instructions) as to enforcement of the Transaction Security or the taking of any Enforcement Action delivered to the Security Agent by a Representative that are inconsistent as to the manner of enforcement (including any inconsistency as to the timeframe for realising value from an Enforcement Action in

respect of the Transaction Security or the Guarantees or a distressed disposal), it being understood that, for the purpose of triggering the consultation requirements under paragraph (b)(ii) under Section "Enforcement" only and not for any other purpose (including, without limitation, determining the Instructing Party), the failure to give instructions by either the Super Senior Representative or Senior Representative will be deemed to be an instruction inconsistent with any other instructions given.

**"Collective Majority Senior Creditors"** means the Senior Creditors representing a majority of the Senior Debt under any Bonds and New Debt, based on the Senior Creditors under any Bonds and any New Debt voting as one creditor class.

**"Debt"** means any indebtedness under or in connection with the Bonds, the Super Senior Debt (including in each case any replacement debt referred to in "Replacement of debt" below), any New Debt, the Shareholder Debt and the Intercompany Debt.

**"Enforcement Action"** means any action of any kind to:

- (a) declare prematurely due and payable or otherwise seek to accelerate payment of or place a demand on all or any part of any Debt (notwithstanding whether such Debt has fallen due or not) or Guarantee (other than as a result of it becoming unlawful for a Secured Party to perform its obligations under, or of any voluntary or mandatory prepayment under, the Senior Finance Documents);
- (b) recover all or any part of any Debt (including by exercising any set-off, save as required by law and normal netting and set-off transactions in the ordinary course of business);
- (c) exercise or enforce any enforcement right under the Transaction Security, in each case granted in relation to (or given in support of) all or any part of any Debt;
- (d) petition for (or take or support any other step which may lead to) an Insolvency Event; or
- (e) sue, claim or bring proceedings against the Issuer, any Guarantor or any ICA Group Company in respect of recovering any Debt.

**"Enforcement Instructions"** means instructions to take Enforcement Action(s) (including the manner and timing of enforcement) given by a Representative to the Security Agent provided that instructions not to undertake enforcement or an absence of instructions as to the effectuation of enforcement shall not constitute "Enforcement Instructions".

**"Facility Agent"** means any agent or representative in relation to any Super Senior RCF.

**"Finance Documents"** has the meaning given to such term in the Terms and Conditions.

**"Final Discharge Date"** means the date when all principal, interest and any other costs or outstanding amounts under the Senior Finance Documents have been irrevocably discharged in full and all commitments of the Secured Parties under the Senior Finance Documents have expired, been cancelled or terminated.

**"Guarantee"** means the guarantees provided under the Guarantee and Adherence Agreement to the Secured Parties.

**"Guarantee and Adherence Agreement"** has the meaning given to such term in the Terms and Conditions.

**"ICA Group Companies"** means the Original ICA Group Companies and any other entity which has acceded to the Intercreditor Agreement as an ICA Group Company in accordance with the terms of the Intercreditor Agreement.

**"Insolvency Event"** means:

- (a) any 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 Group Company.
- (c) any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, bankruptcy, dissolution, administration or reorganisation of any Group Company;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of any Group Company; or
  - (iii) the appointment of a liquidator, trustee in bankruptcy, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Group Company or any of its assets; or

any analogous procedure or step is taken in any jurisdiction other than:

- (i) proceedings which are vexatious or frivolous or are being disputed in good faith and are discharged, stayed or dismissed within ninety (90) days of commencement; or

- (ii) in relation to Group Companies (other than the Issuer), solvent liquidations that are permitted under the Senior Finance Documents.

**"Intercompany Debt"** means any loan made or credit granted by an ICA Group Company to any Group Company or any loan made or credit granted to an ICA Group Company from any Group Company (other than loans that are subject to Transaction Security).

**"Instructing Party"** means the Senior Representative or, following replacement in accordance with paragraph (b)(v) under Section "Enforcement", the Super Senior Representative.

**"Major Obligations"** means an obligation with respect to any Group Company pursuant to any negative pledge undertaking or restriction on financial indebtedness, disposals, loans out or holding company activities under any Super Senior RCF.

**"New Debt"** means Financial Indebtedness which in accordance with the Senior Finance Documents is permitted to rank pari passu with the Bonds and benefit from the Transaction Security (including, for as long as the Bonds remain outstanding, under paragraphs (g)(ii) in the definition of Permitted Debt in the Terms and Conditions) provided that the creditors (or a representative or agent representing such creditors) under such debt has acceded to the Intercreditor Agreement.

**"New Debt Documents"** means each document or instrument entered into after the date hereof between any Group Company and a New Debt Creditor setting out the terms of any credit which creates or evidences New Debt.

**"New Debt Creditors"** means each creditor under and as defined in the relevant New Debt Documents (or a representative or agent representing such creditors).

**"Payment Block Event"** means when the Super Senior Representative serves a written notice to the Issuer, the Security Agent, the Bonds Agent and any New Debt Creditor(s) (or any of their respective representative or agent) that an event of default (for the avoidance of doubt, after the expiry of any applicable grace period in respect of the default giving rise to the event of default) relating to:

- (a) a non payment;
- (b) a breach of financial covenants;
- (c) non-compliance with any of the Major Obligations;
- (d) a cross default;
- (e) insolvency;
- (f) insolvency proceedings;



- (g) creditors' process;
- (h) impossibility or illegality; or
- (i) cession of business,

under a Super Senior RCF has occurred or the Super Senior Representative serves a written notice of acceleration to the Issuer, the Security Agent, the Bonds Agent and any New Debt Creditor(s) (or its/their representative/agent).

**"Representatives"** means the Super Senior Representative and the Senior Representative.

**"Secured Obligations"** means all present and future, actual and contingent, liabilities and obligations at any time due, owing or incurred by any Group Company towards the Secured Parties outstanding from time to time under the Senior Finance Documents.

**"Secured Parties"** means the creditors under the Senior Finance Documents but only if such creditor (or, in the case of a Bondholder, its Representative) is a Party or has acceded to the Intercreditor Agreement in the appropriate capacity pursuant to the terms of the Intercreditor Agreement, the Bonds Agent, the Facility Agent and the Security Agent.

**"Security Agent"** means (i) the Original Security Agent or (ii) any new agent replacing the Original Security Agent as security agent in accordance with the relevant clause in the Intercreditor Agreement.

**"Security Enforcement Objective"** means maximising, insofar as is consistent with prompt and expeditious realisation of value from enforcement of the Transaction Security and the Guarantees, the recovery by the Secured Parties, always provided that such enforcement is made in compliance with the fiduciary duties of the Security Agent and the Secured Parties.

**"Senior Creditor"** means the Bondholders, the Bonds Agent and any New Debt Creditor acceding to the Intercreditor Agreement as a Senior Creditor.

**"Senior Debt"** means (i) all indebtedness outstanding under the Finance Documents and (ii) any New Debt.

**"Senior Finance Documents"** means the Finance Documents, the Super Senior RCF Documents and any New Debt Documents.

**"Senior Representative"** means, at any time, the representative of:

- (a) those Senior Creditors whose Senior Debt at that time aggregate more than 50 per cent. of the total Senior Debt at that time; or

- (b) for as long as any New Debt is larger than the debt outstanding under the Bonds, those Senior Creditors, voting for the relevant decision, whose Senior Debt at that time aggregate more than 50 per cent. of the total Senior Debt at that time, calculated based on the Senior Creditors under any Bonds and any New Debt voting as one creditor class with a representative of the majority of such creditor class being the senior representative.

The Bonds Agent shall represent all Bondholders and act on the instructions of and on behalf of the Bondholders unless the New Debt is larger than the debt outstanding under the Bonds in which case the Bonds Agent or another representative selected by the Collective Majority Senior Creditors shall represent all the Senior Creditors and act on the instructions of the Collective Majority Senior Creditors and on behalf of all the Senior Creditors.

**"Shareholder Creditor"** means any direct or indirect shareholder of the Issuer in its capacity as creditor in respect of Shareholder Debt.

**"Shareholder Debt "** means all present and future moneys, debts and liabilities due, owing or incurred from time to time by the Issuer to any Shareholder Creditor, including any dividends and any advisory, monitoring or management fee.

**"Super Senior Creditors"** means the Super Senior RCF Creditors.

**"Super Senior Debt"** means all indebtedness to the Super Senior Creditors outstanding under the Super Senior RCF Documents.

**"Super Senior Discharge Date"** means the date when all principal, interest and any other costs or outstanding amounts under the Super Senior Debt have been irrevocably discharged in full and all commitments of the Super Senior RCF Creditor under the Super Senior RCF Documents have expired, been cancelled or terminated.

**"Super Senior Representative"** means the Super Senior RCF Creditor.

**"Super Senior RCF"** means any revolving capital facility or similar agreement incurred pursuant to the Section titled "Super Senior RCF" or any other revolving capital facility agreement or similar agreement providing financing for general corporate purposes (including investments) and/or working capital purposes between any Group Company and a Super Senior RCF Creditor replacing a super senior revolving capital facility in accordance with the Section titled "Replacement of Debt".

**"Super Senior RCF Creditor"** means any Person who is or becomes a lender under a Super Senior RCF (or their agent, as applicable).

**"Super Senior RCF Discharge Date"** means the date when all principal, interest and any other costs or outstanding amounts

under the Super Senior RCF have been irrevocably discharged in full and all commitments of the Super Senior RCF Creditor under the Super Senior RCF Documents have expired, been cancelled or terminated.

**"Super Senior RCF Documents"** means (i) the Super Senior RCF, (ii) the Intercreditor Agreement, (iii) the Guarantee and Adherence Agreement and (iv) the Security Documents.

**"Terms and Conditions"** means the terms and conditions of the Bonds entered into between the Issuer and the Original Bonds Agent.

**"Transaction Security"** means the Security provided to the Secured Parties under the Security Documents.

**"Triggering Event"** means the occurrence of an event of default (however described) under any Senior Finance Document.

**Ranking and priority:**

Each of the parties to the Intercreditor Agreement will agree that the Secured Obligations owed by the ICA Group Companies to the Secured Parties and the other relevant parties shall rank in respect of proceeds in right and priority following an application of an Enforcement Action in the following order:

- (a) first, the Super Senior Debt (*pari passu* between all indebtedness under the Super Senior RCF);
- (b) secondly, the Senior Debt (*pari passu* between all indebtedness under the Bonds and any New Debt);
- (c) thirdly, any liabilities raised in the form of Intercompany Debt; and
- (d) fourthly, any liabilities raised in the form of Shareholder Debt.

Any security granted under a proceeds account pledge agreement or similar arrangement whereby the proceeds from the Bonds, the New Debt or other Debt are paid pending satisfaction of certain conditions for its disbursement shall not be subject to this Intercreditor Agreement and hence only secure the liabilities and obligations owed towards the creditors having disbursed such debt.

**Sharing of Transaction Security and Guarantees with New Debt:**

A Group Company may grant Security and guarantees for New Debt to a New Debt Creditor provided that:

- (a) (i) the New Debt shares in the Transaction Security and the Guarantees, and/or (ii) such Security and guarantees which are not Transaction Security or Guarantees are granted also to the Secured Parties (including the New Debt Creditor), in each case to be shared between the Senior Creditors and the Super Senior Creditors as set forth in the Intercreditor Agreement; and

- (b) the New Debt Creditor shall accede to the Intercreditor Agreement as a Senior Creditor and the New Debt shall rank as Senior Debt pursuant to the terms of the Intercreditor Agreement;

Any Security and guarantee granted shall constitute Transaction Security and any documents regarding such Security or guarantee shall constitute a Security Document or a Guarantee and Adherence Agreement, as the case may be.

**Subordination of Intercompany Debt and restrictions on intercompany debt subject to Transaction Security:**

Any Intercompany Debt shall be subordinated to the Secured Obligations (including with respect to maturity).

The Intercreditor Agreement shall include provisions for turnover of payments received under any Intercompany Debt in conflict with this ICA Term Sheet which will be set out in the full Intercreditor Agreement.

Repayment of principal and payment of interest on Intercompany Debt shall be allowed for as long as no Triggering Event is continuing.

Payment of interest, but not repayment of principal, on intercompany loans subject to Transaction Security shall be allowed provided that no Triggering Event is continuing.

Notwithstanding the above, payment of principal and interest on Intercompany Debt and intercompany loans subject to Transaction Security shall always be permitted if made for the purpose of servicing Debt to the Secured Parties and such payment is made directly to the Secured Parties (represented by the Security Agent) for repayment of principal or payment of interest on such Debt owed to the Secured Parties.

**Subordination of Shareholder Debt:**

Any Shareholder Debt shall be subordinated to the Secured Obligations and any repayment of, or payment of interest under, any Shareholder Debt shall be subject to all Secured Obligations having been discharged in full (other than as permitted by the Senior Finance Documents).

The Intercreditor Agreement shall include provisions for turnover of payments received under any Shareholder Debt in conflict with the terms of the Intercreditor Agreement.

The Shareholder Creditors shall (i) not consent to or receive any repayment of, or payment of interest under, any Shareholder Debt (unless the payment is permitted under the Senior Finance Documents), (ii) not propose or consent to amendment of terms of any Shareholder Debt (unless such amendment is not prejudicial to the Secured Parties and (iii) ensure that any Shareholder Debt remains fully subordinated to the Secured Obligations.

**Payment Block:**

Following a Payment Block Event and for as long as such is continuing and until the earlier of (i) the taking of Enforcement Actions in accordance with the Intercreditor Agreement and (ii) a written notice from Super Senior Representative to the Security Agent to the contrary, no payments of principal or interest in respect of the Senior Debt shall be made to the Senior Creditors (notwithstanding any other provisions to the contrary herein). However, interest shall continue to accrue during such period and any overdue amounts shall carry default interest pursuant to the terms of the Terms and Conditions and the New Debt Documents. For the avoidance of doubt, the failure to repay principal or pay interest on a due date shall constitute an event of default (however described) under the Terms and Conditions and the New Debt Documents.

Upon the occurrence of a Payment Block Event, any amounts paid under the Senior Debt (despite the Payment Block) shall be applied in accordance with the Section "Application of Enforcement Proceeds".

**Release of Transaction Security and Guarantees - General:**

The Security Agent may at any time, acting in its sole discretion, or if in respect of release and granting of Security upon disposals, acting on instructions of the Super Senior Representative, release the Transaction Security and the Guarantees in accordance with the terms of the Security Documents, the Guarantee and Adherence Agreement and the Intercreditor Agreement in connection with any transaction which is permitted under the Senior Finance Documents or otherwise approved by the Secured Parties. For the avoidance of doubt any Transaction Security or Guarantee will always be released in such way which does not affect the sharing between the Senior Creditors and the Super Senior Creditors of the remaining Transaction Security and Guarantees and/or the ranking and priority of the Senior Creditors and the Super Senior Creditors as specified by the Intercreditor Agreement.

**Replacement of debt:**

The Issuer shall from time to time be entitled to (i) replace the Super Senior RCF in full with one or several new revolving debt facilities for general corporate purposes and/or working capital purposes up to the amount of the Super Senior Headroom (the "**Replacement Super Senior Debt**") and/or (ii) replace the Bonds with new bonds or debt facilities (the "**Replacement Senior Debt**"); provided that:

- (a) the Transaction Security shall secure the Replacement Super Senior Debt on the same terms, *mutatis mutandis*, as it secures the previous Super Senior RCF, including the terms of the Intercreditor Agreement;
- (b) the Transaction Security shall secure the Replacement Senior Debt on the same terms, *mutatis mutandis*, as it secures the Bonds including the terms of the Intercreditor Agreement;
- (c) the new creditor(s) shall directly or through an agent or another representative be a party to the Security Documents;
- (d) the Security Agent shall hold the Transaction Security on behalf of the new creditors on the same terms, *mutatis mutandis*, as the Transaction Security is held by the Security Agent on behalf of the Secured Parties;
- (e) the new creditor(s) of the Replacement Super Senior Debt shall:
  - (iii) directly or through an agent or another representative accede to the Intercreditor Agreement as a Super Senior RCF Creditor; and
  - (iv) have the same right to the Transaction Security and any Guarantees and the proceeds pertaining thereto as the previous Super Senior RCF Creditor; and
- (f) the new creditor(s) of the Replacement Senior Debt shall:

- (v) directly or through an agent or another representative accede to the Intercreditor Agreement as a Senior Creditor; and
- (vi) have the same right to the Transaction Security and any Guarantees and the proceeds pertaining thereto as the previous Senior Creditors.

Provided that the terms set out above are complied with, the Security Agent may from time to time, at the request of the Issuer, amend vary and/or restate the Security Documents and the Guarantee and Adherence Agreement on behalf of itself and the Secured Parties in order to release Transaction Security and/or any Guarantee provided to an existing Secured Party (with the prior consent of such existing Secured Party) and/or to create Transaction Security and/or Guarantees in favour of a new creditor(s).

Following any replacement of debt in accordance with this paragraph

- (a) any reference to the Super Senior RCF and any reference to related finance documents (as applicable) shall instead refer to the Replacement Super Senior Debt and related finance documents (as applicable); and
- (b) any reference to the Bonds and any reference to related finance documents (including the Finance Documents) shall instead refer to the debt incurred under the Replacement Senior Debt and related finance documents (as applicable).

**Cancellation of Super Senior RCF:**

To the extent the Issuer purchases or redeems Bonds whereby the aggregate Nominal Amount of Bonds outstanding falls below seventy-five (75) per cent. of the aggregate Initial Nominal Amount (as defined in the Terms and Conditions), the debt outstanding under the Super Senior RCF shall, if requested by the Super Senior RCF Creditors, be repaid and cancelled pro rata to the amount by which the outstanding amount under the Bonds falls below the Initial Nominal Amount. For the purpose of calculating the aggregate Nominal Amount of the Bonds, any Bonds held by any Group Company shall not be included.

**Super Senior Headroom:**

The principal amount under the Super Senior RCF shall not exceed EUR 15,000,000 (plus premium, accrued and unpaid interest, fees and costs).

**Limitation on Secured Obligations:**

All Transaction Security, Guarantees and subordination shall be subject to applicable customary limitation language.

**Appointment of Security Agent and power of attorney:**

The Secured Parties will appoint and authorise the Security Agent to hold and to act as its agent with respect to the Security Documents, to the extent permitted by applicable law.

Any change of Security Agent shall require the consent of the Bonds Agent, the Super Senior Creditors and any New Debt Creditor. The Bonds Agent shall be authorised (in its sole discretion) to grant such consent without any approval or consent from the Bondholders.

**New Security:**

Any new Security created (and guarantees and indemnities granted) in respect of any Secured Obligation shall be extended to and shared between the Secured Parties on a *pro rata* basis and in accordance with the ranking and priority set forth above.

**Enforcement:**

The Intercreditor Agreement will contain provisions regulating the Secured Parties' respective rights to take Enforcement Actions and to vote and instruct the Security Agent to enforce the Transaction Security, according to the following principles:

**(a) Enforcement Actions and Enforcement Instructions**

- (i) Other than as expressly permitted by the terms of the Intercreditor Agreement, no Secured Party may independently accelerate, seek payment and exercise other rights and powers to take Enforcement Actions under the Senior Finance Documents.
- (ii) The Security Agent may refrain from enforcing the Transaction Security and/or Guarantees or take other Enforcement Actions unless instructed otherwise by the Instructing Party in accordance with paragraph (b) below but always subject to paragraph (a)(iv) below.
- (iii) Subject to the Transaction Security or the Guarantees having become enforceable in accordance with its terms and subject to paragraph (b) below, the Representatives may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Transaction Security as they see fit, provided that the instructions are consistent with the Security Enforcement Objective.
- (iv) Notwithstanding anything to the contrary in paragraphs (a) and (b), the Senior Representative may only give an Enforcement Instruction if the proceeds to be received from the proposed Enforcement Actions is expected to amount to or exceed the amount of the Super Senior Debt.



- (v) The Security Agent is entitled to rely on and comply with instructions given in accordance with this paragraph (a).
- (vi) If an Insolvency Event has occurred with respect to a member of the Group, then each Super Senior Creditor shall be entitled to exercise any right they may otherwise have against that member of the Group to accelerate any of that member of the Group's Super Senior Debt or declare such Super Senior Debt prematurely due and payable or payable on demand, make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Super Senior Debt, exercise any right of set-off or take or receive any payment in respect of any Super Senior Debt of that member of the Group or claim and prove in any insolvency process of that member of the Group for the Super Senior Debt owing to it.

**(b) Consultation**

- (i) If either the Super Senior Representative or the Senior Representative wishes to issue Enforcement Instructions in accordance with paragraph (a)(iii) above, such Representative shall deliver a copy of those proposed Enforcement Instructions (an "Enforcement Proposal") to the Security Agent and the Security Agent shall promptly forward such Enforcement Proposal to the other Representative.
- (ii) Subject to paragraph (b)(iii) below, if the Security Agent has received Conflicting Enforcement Instructions, the Security Agent shall promptly notify the Representatives and the Representatives shall consult with each other and the Security Agent (as the case may be) in good faith for a period of not more than thirty (30) days (or such shorter period as the Representatives may agree) (the "Consultation Period") from the earlier of (A) the date of the latest of such Conflicting Enforcement Instructions and (B) in case of a failure to give instructions by one of the Representatives, the date falling ten (10) Business Days after the date on which the first Enforcement Instruction was delivered in accordance with paragraph (b)(i) above, with a view to agreeing instructions as to enforcement.
- (iii) The Representatives shall not be obliged to consult (or, in the case of (B) below, shall be obliged to consult for such shorter period as the Instructing Party may determine) in accordance with paragraph (b)(ii) above if:

- (A) the Transaction Security and/or the Guarantees have become enforceable as a result of an Insolvency Event; or
  - (B) each of the Super Senior Representative and the Senior Representative agree that no Consultation Period is required.
- (iv) Following the expiry of Consultation Period there shall be no further obligation for the Representatives to consult and the Security Agent shall, provided that no joint Enforcement Instructions has been agreed during the Consultation Period (in which case such joint Enforcement Instruction will be applicable), act in accordance with the Enforcement Instructions then received from the Instructing Party and the Instructing Party may issue Enforcement Instructions as to enforcement to the Security Agent at any time thereafter.
- (v) If (A) no Enforcement Action has been taken by the Security Agent within three (3) months from the end of the Consultation Period, or (B) the Super Senior Discharge Date has not occurred within six (6) months from the end of the Consultation Period, then the Super Senior Representative shall become the Instructing Party and be entitled to give Enforcement Instructions.
- (vi) If a Secured Party (acting reasonably) considers that the Security Agent is enforcing the Security in a manner which is not consistent with the Security Enforcement Objective, such Secured Party shall give notice to the other Secured Parties after which the Representatives and the Security Agent shall consult, prior to taking any further enforcement action, for a period of twenty (20) days (or such lesser period that the Secured Parties may agree) with a view to agreeing on the manner of enforcement.
- (vii) Notwithstanding the foregoing, following an Insolvency Event in respect of a Group Company, the Facility Agent may take the same Enforcement Action as the Bondholder Agent and/or the Bondholders in respect of that a Group Company in order to prove its debt in such insolvency.

**(c) Miscellaneous**

- (i) Upon Enforcement Actions in respect of the Transaction Security, the proceeds shall be distributed in accordance

with the section "Application of Enforcement Proceeds" set out below.

- (ii) Any Enforcement Action required to be taken by the Representative in accordance with agreed Enforcement Instructions pursuant to (b) above, shall be taken by such Representative at the request of the Security Agent.
- (iii) All Security and/or Guarantees or arrangement having similar effects may be released by the Security Agent, without the need for any further referral to or authority from anyone, upon any Enforcement Action provided that the proceeds are distributed in accordance with the provisions set out in the Intercreditor Agreement.
- (iv) Funds that the Security Agent receives (directly or indirectly) in connection with an Enforcement Action in respect of the Transaction Security shall constitute escrow funds (Sw. redovisningsmedel) and must be held on a separate account on behalf of the Secured Parties or the Issuer as the case may be. The Security Agent shall promptly arrange for payments to be made in accordance with the application of proceeds set forth in the Intercreditor Agreement.
- (v) Nothing herein shall preclude the rights of the Super Senior RCF Creditors or the Bonds Agent to join or intervene in or otherwise support any proceedings arising from insolvency proceedings or do such other things as may be necessary to maintain a claim or Security, always as long as such action does not adversely affect the rights of the other Secured Creditors or the Security Agent and is not inconsistent with its obligations contained in the Intercreditor Agreement and each of the Facility Agent and the Bonds Agent shall give prompt notice to the other of any action taken by it to join, intervene or otherwise support any such proceedings.
- (vi) For avoidance of doubt, customary provisions regarding permitted (or required) actions once an Insolvency Event has occurred to be included in the Intercreditor Agreement.

**Voting provisions for Senior Creditors:**

The Intercreditor Agreement will contain voting provisions for the Senior Creditors and appointment of representative for the Senior Creditors to be applied when the New Debt is larger than the debt outstanding under the Bonds, according to the following:

- (a) If, and for as long as, the New Debt is larger than the debt outstanding under the Bonds, the Bonds Agent and any representative of any New Debt Creditors shall conduct the

respective voting procedures under the respective debt instruments and any representative of any New Debt Creditors shall share its result from such procedure with the Bonds Agent. The Bonds Agent shall, based on such results, determine the decision of the Collective Majority Senior Creditors and act as the Senior Representative if not replaced with another representative appointed by the Collective Majority Senior Creditors.

- (b) If, and for as long as, the New Debt is larger than the debt outstanding under the Bonds, each of the Senior Creditors hereby irrevocably appoints the Bonds Agent to act as Senior Representative. The Collective Majority Senior Creditors may, if requested by more than 10 per cent. of the Collective Majority Senior Creditors, replace the Bonds Agent as Senior Representative with a new representative. Such resolution shall be taken with a more than 50 per cent. majority requirement of all Senior Debt and a quorum of at least 20 per cent. of all Senior Debt. The Bonds Agent and the representatives of any New Debt shall conduct the respective voting procedures under the respective debt instruments and any representative of any New Debt Creditors shall share its result from such procedure with the Bonds Agent.

**Application of  
Enforcement Proceeds:**

The proceeds of any Enforcement Action shall be paid to the Security Agent for application in the following order:

- (a) firstly, in or towards payment pro rata of unpaid fees, costs, expenses and indemnities payable by any Group Company (including each Guarantor and any other provider of Security) to the Security Agent (or its delegate);
- (b) secondly, in or towards payment pro rata of unpaid fees, costs, expenses and indemnities payable by the Issuer to the Issuing Agent, the Facility Agent, the Bonds Agent and any agent representing creditors of any New Debt;
- (c) thirdly, towards payment pro rata of accrued interest unpaid under the Super Senior RCF Documents;
- (d) fourthly, towards payment pro rata of principal under the Super Senior RCF and any other costs or outstanding amounts under the Super Senior RCF Documents, and any close out amount;
- (e) fifthly, towards payment pro rata of accrued interest unpaid under the Senior Debt (interest due on an earlier Interest Payment Date to be paid before any interest due on a later Interest Payment Date);
- (f) sixthly, towards payment pro rata of principal under the Senior Debt;

- (g) seventhly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Finance Documents and any New Debt Documents;
- (h) eighthly, after the Final Discharge Date, towards payment pro rata of accrued interest unpaid and principal under the Intercompany Debt;
- (i) ninthly, after the Final Discharge Date, towards payment pro rata of accrued interest unpaid and principal under the Shareholder Debt; and
- (j) tenthly, after the Final Discharge Date, in payment of the surplus (if any) to the relevant ICA Group Company or other person entitled to it.

**Turnover:**

The Intercreditor Agreement shall include provisions for turnover of funds in the event of any creditor receiving payment in conflict with this ICA Term Sheet which will be set out in the full Intercreditor Agreement, after action has been initiated to enforce the Transaction Security, any Guarantees or other Enforcement Action. The payment waterfall provisions shall apply regardless of any Transaction Security or Guarantees not being (for whatever reason) valid or enforceable in respect of the relevant Secured Party. Any funds payable to the Security Agent under the turnover provisions that have not been paid to the Security Agent shall be considered in the waterfall provisions.

**Exercise of voting rights:**

- (a) Each Secured Party agrees with the Security Agent that it will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any Group Company as instructed by the Security Agent.
- (b) The Security Agent shall give instructions for the purposes of paragraph (a) above as directed by the Instructing Party.

**Modifications:**

Each Secured Party may amend or waive the terms of the finance documents for the Secured Obligations owed to such Secured Party (other than the Intercreditor Agreement or any Security Document) in accordance with their terms at any time.

No amendment or waiver may be made or given to the extent it has the effect of changing or which relates to an amendment to any material term of the Intercreditor Agreement (including to the order of priority or subordination under the Intercreditor Agreement) without the prior written consent of the Bonds Agent, the Senior Representative, the Super Senior Representative and the Security Agent.

The prior consent of the Secured Parties is required to authorise any amendment or waiver of, or consent under, any Transaction Security which would adversely affect the nature or scope of the

Security assets or the manner in which the proceeds of an Enforcement Action in respect of the Transaction Security are distributed.

**Miscellaneous:**

The Bonds Agent and the Facility Agent shall have a duty to inform the other creditor classes of any default which is continuing, event of default or acceleration. The ICA Group Companies shall use all reasonable endeavours to facilitate any necessary establishment of new Security or change of the Transaction Security pursuant to the Intercreditor Agreement.

**Governing law:**

The Intercreditor Agreement shall be governed by Swedish law.

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## **Addresses**

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