



**European Lingerie Group AB (publ)**

relating to the listing of

up to EUR 60,000,000 Senior Secured Floating Rate Bonds due 2021

ISIN: SE0010831792

**Sole Bookrunner**

 **Pareto** Securities

Prospectus dated 21 December 2018

## IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by European Lingerie Group AB (publ) (the "**Issuer**", or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address, Teikums, Gustava Zemgala Gatve 78, Riga, Latvia, with reg. no. 559135-0136, 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 the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) (the "**Trading Act**") and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (fi.se) and the Issuer's website (elg-corporate.com).

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 34 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**EUR**" refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

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

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

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

The offering is not made 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.

This Prospectus shall be read together with all documents that are incorporated by reference, see subsection "**Documents incorporated by reference**" under section "**Other information**" below, and possible supplements to this Prospectus.

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## **RISK FACTORS**

Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Group. These risk factors include, but are not limited to, financial risks, technical risks, risks related to the business operations of the Group and regulatory risks. If any of these or other risks or uncertainties actually occurs, the business, operating results and financial condition of the Group could be materially and adversely affected, which could have a material adverse effect on the Group's ability to meet its obligations (including repayment of the principal amount and payment of interest) under the Bonds. Other risks not presently known to the Group and therefore not discussed herein, may also adversely affect the Group and adversely affect the price of the Bonds and the Group's ability to service its debt obligations. Prospective investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.

As stated above, this Prospectus contains various forward-looking statements, including statements regarding the intent, opinion, belief or current expectations of the Group or its management with respect to, among other things, (i) the Group's target market, (ii) evaluation of the Group's markets, competition and competitive position, (iii) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and outcomes to be materially different from any future results, performance or outcomes expressed or implied by such forward-looking statements.

The risk factors below are not ranked in any specific order.

### **Market specific risks**

#### **Macroeconomic factors**

The Group's business is subject to inherent risks arising from general and sector-specific economic conditions particularly those which adversely impact consumers' willingness to purchase lingerie and other apparel such as levels of disposable income, levels of consumer debt and access to consumer credit. A deterioration in economic conditions globally and in the markets in which the Group operates (particularly Russia and Germany which constitute the Group's most important markets) may have a material adverse effect on the Group's operations, earnings and financial position.

#### **Political Risks**

The Group is present in a large number of markets, meaning that the Group is subject to external risks, such as changes in the legal, economic and/or political climate in individual countries and regions. These changes can include new trade restrictions such as the embargo recently set by Russia on certain imports as well as from the sanctions imposed on Russia by the U.S. and European Union. Oil price-driven Russian ruble depreciation have previously had a negative impact on the textile industry, for which Russia remains an important market, and consequently the Group's ability to market and sell its products. The current embargos and sanctions do not include the Group's products. However, there is a risk that governments will in the future include the Group's products in the list of trade restrictions. Furthermore, some countries may try to use trade barriers, such as extensive review and testing of foreign products before it can be retailed, to protect their own producers from foreign competitors. If these risks materialise it would have a material adverse effect on the Group's operations, earnings and financial position.

#### **Environmental, safety and regulatory risks.**

Over the last years, the concern about the environmental impacts and safety of textiles, as well as occupational health and safety, has been growing. Legislation has been adapted on national and international level to address various issues from importing of fabrics to chemical analysis of the textile fibers and occupational environment. The Group may not be able to comply with all future applicable standards and regulatory requirements or the Group's interpretation of the current or future requirements may not conform with the interpretation of the relevant supervisory authorities. Any breach of environmental, health and safety regulations or other applicable requirements would have a material adverse effect on the Group's business, financial position and result of operation. Further, changing regulatory requirements typically result in limitations of operating flexibility, as well as additional costs and liabilities, which would also have a negative impact on the business, financial position and result of operation of the Group.

## **Group specific risks**

### **Competitive landscape**

Since both the lingerie market and the fabrics and lace market are increasingly competitive, the Group is constantly competing with local brands and large international corporations already present or entering into the markets in which the Group operates. While international brands are constantly expanding their activities, particularly in the premium segments of the lingerie market, low cost Eastern European and Asian producers are exerting competitive pressure in the lower market segments of the lingerie market and the fabrics and lace market. The Group's future possibilities to compete are, among other things, dependent upon the Group's ability to anticipate future market changes and trends, and to rapidly react on existing and future market needs, which may result in increased costs or require price reductions or changes of the Group's business model. Further, the Group operates on a market where some of its competitors are significantly larger than the Group and have greater financial resources than the Group. Increased competition from existing and new market participants as well as deteriorated competition possibilities would have a material adverse effect on the Group's operations, earnings and financial position.

### **Quality issues and negative publicity**

As a consumer products company, the Group's success depends on its ability to maintain consumer confidence in the safety and quality of the products it sells. The Group's success also depends on its ability to maintain the brand image for existing concepts, build brand image for new concepts, and maintain its corporate reputation. If the Group fails to maintain high standards of product quality or fails in its marketing strategies, this would have an adverse effect on the Group's brand, operations, earnings or financial position.

Product safety or quality issues, actual or perceived, or allegations of any of the Group's products having caused adverse effects on a consumer, such as allergic reactions or other conditions, may lead to product liability claims against the Group or require the Group and/or its suppliers from time to time to recall a particular product from all of the markets in which the affected product was distributed. Such claims or recalls would adversely affect the Group's business and brand image. In addition, adverse publicity about these types of concerns may tarnish the image of the Group's brands and discourage consumers from buying the Group's products. Negative information or negative feedback from customers about the Group and its products, both founded and unfounded, can also spread rapidly through social media. Damage to the Group's reputation or loss of consumer confidence in its products would result in decreased demand for the Group's products and would have a material adverse effect on the Group's business, financial condition and results of operations, as well as require additional resources to rebuild the Group's reputation.

### **Consumer behaviour and sourcing of fashionable products**

The market for, and sales of, the Group's products is sensitive to fashion trends and dependent upon that the design and creation of the Group's products are in line with current trends and that they appeal to end consumers. The Group is thus dependent upon its ability to source new fashionable products and maintain products that are well known and appeal to its end consumers. Further, consumers are increasingly aware of the environment and seek products that have been developed in an ethical and environmentally friendly way across the entire value chain. If the Group is unsuccessful in predicting and adapting to customer preferences, the willingness of end consumers to buy the Group's products may decrease which will have an adverse effect on the Group's sales, earnings and financial position

#### **Insurance cover**

The Group has insurance coverage, but there is a risk that the scope of the coverage will not cover all risks that materialise within the Group's business resulting in the total amount of the Group's losses not being compensated by the Group's insurances in case of damages. Further, certain types of losses are not able to insure and will, thus, not be covered by the Group's insurances. Hence, there is a risk that the Group will be required to pay for any losses, damages and liabilities out of its own funds leading to adverse effects on the Group's business, earnings or financial position.

#### **Intellectual property risks**

The Group is dependent upon its brands and marketing, protected mainly by a large number of registered trademarks in different jurisdictions, including the brand names "Lauma", "Lauma Fabrics", "Lauma International", "Lauma Medical", "Felina" and "Conturelle". The Company is however hindered from selling its products in the U.S. under the name "Felina" as another company has already registered the name in this jurisdiction. The Group sells its products in the US under the Conturelle trademark. Further, the name "Lauma" is also used by AS Lauma Lingerie, a company in the Silvano Fashion Group (listed on the Tallinn Stock Exchange). Although there are currently no disagreements between the Group and AS Lauma Lingerie or the holder of the Felina trademark in the US regarding the use of these trademarks, this may not always remain the case. If a dispute should occur it could be time consuming and costly to resolve and this would have an adverse effect on the Group's business and financial position.

Although the Group is actively working to protect its brands, names and domain names in the jurisdictions in which it operates there is a risk that competitors will infringe on the Group's intellectual property rights. In particular, the laws of certain countries outside the European Union may not protect intellectual property rights to the same extent as in Europe. Further, the Group may not be able to detect unauthorised use of their intellectual property rights in time or at all and will in that case not be able to protect its intellectual property rights from such infringement. Further, applications submitted for registration may not be approved by the relevant authorities, e.g. due to similarities with other registered intellectual property rights, and registrations that the Group do obtain may not be sufficient to prevent the infringement by others. This would have an adverse effect on the Group's business, earnings and financial position.

If required, the Group protects its intellectual property rights through legal action and the Group is currently involved in several disputes related to trademarks, where the Group acts as a claimant. For example, the Group has submitted appeals to relevant patent and trademark offices regarding the registration of trademarks similar to "Felina" and "Conturelle" by third parties. These as well as other disputes could be time consuming and should the outcome of such disputes be unfavourable for the Group, this would have a material adverse effect on the Group's business, earnings or financial position. To avoid becoming subject to such claims itself, the Group must also ensure not to infringe on the intellectual property rights of others, which becomes an increasingly difficult task as the Group's business grows. If this type of dispute should occur and be decided against the Group, this would have an adverse effect on the Group's business, earnings or financial position.

### **Key personnel and personnel costs**

Competition for key personnel in the retail and manufacturing industry is intense and the Group is currently dependent upon a number of key employees who have been engaged in the Group for a long time. This personnel possesses comprehensive knowledge of the Group and local know-how which is particularly important with respect to CIS countries. If such key personnel leave the Group in the future, or take up employment with a competing business or if the Group fails to recruit new, qualified personnel to the extent that the Group requires, it would have a negative effect on the Group's operations, earnings and financial position.

Further, labour costs represent a significant share of the Group's expenses, and the Group's success depends on its ability to attract and retain qualified employees. Competition for qualified individuals or changes in labour and healthcare laws could result in that the Group incurs higher labour costs. Therefore, growing labour costs pose risks for maintaining product competitiveness with respect to prices. Additionally, labour costs influence the retail and manufacturing industry in general, which may have second hand impact on the Group's ability to sell its products. If these risks materialise it would have an adverse effect on the Group's operations, earnings and financial position.

### **Risks relating to changes in prices of raw material and energy**

Since the prices of raw material or other inputs such as energy affect the costs of manufacturing the Group's products, there is a risk that future fluctuations in the prices of such inputs may cause the Group to adjust the prices of its products, which may result in a decline in demand for the Group's products, and/or that the Group will have to decrease its profit margins. Consequently, any material increases in the prices of raw material or other inputs would have an adverse effect on the Group's business, financial position and result of operation.

### **Risks related to suppliers**

Since the manufacturing of lingerie products rests on the supply of quality materials it is highly dependent on suppliers and any disruption in the supply chain, such as delays, insufficient stock or loss of a supplier can have negative effects on the manufacturing process. Substitutes for the products of the Group's established suppliers (including matching colors and textures) for cases of disruption are hard to secure and the products of the Group might have to be re-developed based on alternative fabrics and other materials in the event of a loss of a key supplier. This requires substantial amount of resources and the newly developed products may not be equally successful as the replaced products or not successful at all. Hence, the loss of any key suppliers or temporary supply problems may have negative effects on the Group's output and sales which in turn would have adverse effects on the Group's business, financial position and result of operation.

### **Changes in distribution channels**

The majority of the lingerie part of the Group derives its revenues from specialised shops, fashion boutiques and department stores. Due to the rapid development in internet sales in recent years along with the significant increase in the number of internet users, traditional shops are, however, gradually being replaced by online shopping. If the Group fails to adapt to this, for example by ensuring that its products are increasingly available online, it would have a material adverse effect on the Group's sales, earnings and financial position.

### **Automation risks**

While the fabrics industry is highly automated, the production of garments is still heavily reliant on manual labor, particularly in sewing operations. It has so far proven nearly impossible to design and build a fully automated sewing machine, owing to the complexities of working with materials that lack rigidity. However, there are currently several companies that are developing automated sewing processes, and some have demonstrated working prototypes. Should such transformation occur, and

should the Group be unable to adapt to and take advantage of such transformation, this would lead to the Group being unable to compete successfully with its future competitors, which in turn would have a material adverse effect on the Group's operations, earnings and financial position.

#### **Risks related to IT infrastructure**

The information technology systems of the Group, as well as those of its service providers and suppliers, are vulnerable to damage from a variety of sources, including telecommunication failures, malicious acts and natural disasters. Moreover, despite network security measures, some of the Group's servers and those of its service providers and suppliers are potentially vulnerable to physical or electronic failures, computer viruses and similar disruptive problems. Since any malfunction can decrease output and sales considerably and cause transaction errors, loss of customers or loss of business opportunity it would have an adverse impact on the Group's operations, earnings and financial position. Additionally, these types of problems could result in a breach of confidential customer information which could result in damages to the Group's reputation and/or litigation which in turn would have an adverse effect on the Group's business, financial position and result of operation.

#### **Volumes risks**

Maintenance of the Group's factories and fixed overhead is costly with a high proportion of fixed costs meaning that the profitability depends on the volumes that the Group is able to produce and sell. Larger volumes cover the expenses of the factories and fixed overhead and increase the Group's profitability, while a drop in volumes will result in decreased profits or losses. As to the production of lingerie, the Group's production volume is currently close to full capacity in own production sites. Should the market share of the Group increase, its production volumes will likely be outsourced which incorporates certain risks related to quality control and time delivery which could lead to negative effects on the Group's business and brand image which in turn would adverse effects the Group's sales, earnings and financial position.

Further, if any of the Group's factories are damaged, for example as a result of fire, or if any factory experience production stop due to, for example, problems with the supply electricity or water, this could result in that the Group is not able to deliver its products as scheduled. This would have an adverse effect on the Group's business and may also result in that costumers lose confidence in the Group's ability to deliver its products on time. If these risks materialise it would have a material adverse effect on the Group's operations, earnings and financial position.

#### **Consumer traffic and external distributors**

The majority of the lingerie produced by the Group is distributed by external distributors, including specialized store and fashion boutiques as well as department stores. Further, the Group also operates a few stores in Poland and Germany, primarily to sell stock leftovers. Many of the Group's stores and the stores of the distributors of the Group's products are located in shopping centers or retail shopping areas that benefit from certain "anchor" retail tenants and other attractions, to generate sufficient levels of consumer traffic in the vicinity of its stores. Any decline in the volume of consumer traffic at shopping centers, especially if it is sustained, whether because of e.g. an economic slowdown, a decline in the popularity of shopping centers, the closing of anchor stores, competition from other retail areas or otherwise, could result in reduced sales of the Group's products and excess inventory which would have an adverse effect on the Group's sales, earnings and financial position.

Further, since the majority of the sales of the Group are done through third party distributors the Group is dependent on the continued relationship with its distributors. If the Group's distributors for any reason, decide to not continue to carry the Group's brands, this would have an adverse effect on the Group's business, earnings and financial position.



### **Acquisitions and integration**

From time to time, the Group evaluates potential acquisitions that are in line with the Group's strategic objectives and the Group has also made such acquisitions in the past. There is a risk that there are unidentified risks in recently acquired companies which are unknown to the Group and that such unidentified risks will have an adverse effect on the Group's business, earnings or financial position. Future acquisitions may also include undertakings by the Group to pay additional purchase price to the sellers. Such additional payments would have adverse effects on the financial position of the Group.

Acquisitions generally involve integration of companies or businesses. Such integration processes may prove more costly or more time-consuming than estimated and failure of anticipated synergies may in whole or in part fail to materialise and thus impact the Group's operations, financial position and results adversely. As to the acquisition of Felina, difficulties regarding the integration may include *inter alia* ensuring an alignment of uniform corporate culture across the larger Group and establishing clear and effective internal processes covering the many countries in which the Group now operates. Any delays or difficulties encountered in connection with the integration of Felina may affect the Group's business, profitability and financial position.

### **Certificate**

Most of the Group's products holds the STANDARD 100 by OEKO-TEX certificate. The STANDARD 100 by OEKO-TEX is an independent testing and certification system for textile products which takes into account important legal regulations, including, *inter alia*, requirements of the European Chemicals Regulation and the US Consumer Product Safety Improvement Act. OEKO-TEX carries out extensive product checks and regular audits of the Group to ensure that the requirements for the certificates remains fulfilled. The STANDARD 100 by OEKO-TEX is an important certification as it certifies that the products are in compliance with certain health and environmental requirements. If the Group for any reason is unable to maintain or prolong the STANDARD 100 by OEKO-TEX certificate, for example due to stricter regulations or that the Group does not meet the existing or new requirements, this may affect costumers' and distributors' willingness to buy and sell the Group's products, which would have an adverse effect on the Group's business, earnings and financial position.

### **Registration of medical products**

The Group produces medical textiles, such as bandages, elastic braces and nursing underwear under the brand Lauma Medical. A medical product must be registered in all markets prior to the launch of such product. In some markets it can take between six months and one year to receive such registration. If the Group does not receive a registration in one or several markets or if the registration is delayed, this would result in that the Group would not be able to sell that product on such markets. This would have an adverse effect on the Group's business, earnings and financial position.

### **Counterparty credit risk**

The Group's customers, suppliers, distributors and other counterparties may end up in a financial situation where they cannot pay the agreed fees or other amounts owed to the Group as they fall due, or otherwise abstain from fulfilling their obligations. The inability of the Group's customers, suppliers, distributors and other counterparties to meet their contractual obligation would have a negatively affect the Group's earnings and financial position.

### **Foreign currency risk**

Currency risk is the risk that the Group will suffer losses due to adverse currency movements. The Group's reporting currency is euro (EUR), however the Group also has operations and costs denominated in, *inter alia*, U.S. dollar (USD) and Hungarian forint (HUF). The Group is therefore

exposed to a foreign currency risk, i.e. the risk that currency exchange rate fluctuations will have an adverse effect on the Group's financial position and result.

### **Liquidity and financing risk**

In order to meet contractual obligations, enable acquisitions or to otherwise achieve strategic objectives of the Group, the Group is dependent on its ability to meet its capital requirements. In order to meet its capital requirements, the Group is dependent on the successful sale of the Group's products and services. The Group has also entered into several financing agreements and the Group's operations may in the future require additional financial resources, including financing to refinance debts that become due. The availability of future financing depends on market conditions, such as the availability of capital, as well as on the Group's operating results and future prospects. There is a risk that the Group will not be able to raise necessary capital or that capital cannot be raised on terms acceptable to the Group. This would have an adverse effect on the Group's business, earnings and financial position.

Existing credit facilities and financial loans that the Group has entered into includes customary financial commitments and certain restrictive covenants. If the Group breach such commitments due to, for example the general economic situation or disruptions in the capital market and the credit markets. That would then affect the Group's financial position and results of operations.

### **Tax related risks**

The Group conducts its business and intra-group trading in accordance with its own interpretation of applicable tax regulations and applicable requirements and decisions. There is a risk that the Group's or its advisers' interpretation and the Group's application of laws, provisions, judicial practice has not been, or will in the future not be, correct or that such laws, provisions and practice will be changed, potentially with retroactive effect. If such an event should occur, the Group's tax liabilities can increase, which would have a negative effect on the Group's results and financial position. Revisions to tax regulations could for example comprise denied interest deductions, additional taxes on the direct or indirect sale of property and/or tax losses carried forward being forfeited, which would affect the Group's results and financial position in the future.

### **Borrowing by the Group and interest risk**

The Group has incurred, and may in compliance with the limits set out in the Terms and Conditions further incur, financial indebtedness to finance its business operations. Such financing may generate interest costs which may be higher than the gains produced by the investments made by the Group. Borrowing money to make investments will increase the Group's exposure to the loss of capital and higher interest expenses. Further, the Group is exposed to changes in interest rates through its financing agreements that carry floating rates of interest. The interest rates are affected by a number of factors that are beyond the control of the Group, including but not limited to the interest rate policies of governments and central banks. An increase in interest rates would entail an increase in the Group's interest obligations, which would have a negative effect on the Groups' operations, financial position, earnings and results.

### **Changes in legislation**

Various pieces of legislations and regulations (including, without limitation, competition regulations, land law, environmental regulations and taxes) affect the business conducted by the Group. New or amended legislation and regulations could call for unexpected costs or impose restrictions on the development of the business operations which would have an adverse effect on the Group's business, operations, earnings, results and financial position.

### **Risks relating to the Bonds**

**Credit risks**

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 Group's financial position is affected by several factors of which some have been mentioned above.

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. Another aspect of the credit risk is that there is a risk that a deteriorating financial position of the Group will reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds.

**Refinancing risk**

There is a risk that the Issuer will be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt depends on, among other things, the conditions of the debt capital markets and its financial condition at such time. Even if the debt capital markets improve, there is a risk that the Issuer's access to financing sources will not be available on favourable terms, or at all. Should the Issuer be unable to refinance its debt obligations on favourable terms, or at all, it would have a material adverse effect on the Group's business, financial condition and results of operations and on the bondholders' recovery under the Bonds.

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

The Group is required to comply with the Terms and Conditions, *inter alia*, to pay interest under the Bonds. Events beyond the Group's control, including changes in the economic and business conditions in which the Group operates, may affect the Group's ability to comply with, among other things, the undertakings set out in the Terms and Conditions. A breach of the Terms and Conditions could result in a default under the Terms and Conditions, which could lead to an acceleration of the Bonds, resulting in the Issuer has to repay the bondholders at the applicable call premium. It is possible that the Issuer will not have sufficient funds at the time of the repayment to make the required redemption of Bonds.

**Interest rate risks**

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.

**Liquidity risks and secondary market**

Even though the Bonds are listed on a regulated market, active trading in the Bonds does not always occur and a liquid market for trading in the Bonds might not occur. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market.

Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds. It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

**The market price of the Bonds may be volatile**

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business

developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, the global financial markets have experienced significant price and volume fluctuations in the past. Should this be repeated in the future there is a risk that it will adversely affect the market price of the Bonds without regard to the Group's operating results, financial condition or prospects.

#### **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.

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

Although the Group's obligations towards the bondholders under the Bonds are secured, there is risk that the proceeds of any enforcement sale of the security assets could be insufficient to satisfy all amounts then owed to the bondholders. Furthermore, according to the Terms and Conditions, the Issuer may issue subsequent Bonds and the holders of such Bonds will become bondholders entitled to share the security that have been granted to the existing bondholders. There is a risk that the issue of subsequent Bonds will have an adverse effect on the value of the security that have been granted to the bondholders.

The bondholders are represented by the Security Agent (as defined in the Terms and Conditions) 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. 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 shall take enforcement instructions from the bondholders. However, it is possible that the Security Agent will act in a manner that is not preferable to the bondholders.

The Security Agent is entitled to enter into agreements with the Issuer or a third party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the transaction security or for the purpose of settling, among others, the bondholders' rights to the security.

There is a risk that transaction security granted to secure the Bonds could be unenforceable or enforcement of the security could be delayed according to Swedish law or any other applicable laws. There is a risk that the enforceability of the transaction security could be subject to a certain degree of uncertainty. There is also a risk that applicable law could require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party or the security provider. Further, there is a risk that the transaction security will not be perfected if the security 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. Moreover, any security granted or perfected after

the debt under the Bonds is incurred, such as any security over acquired entities or future intra-group loans as contemplated under the Terms and Conditions, is subject to hardening periods and may be recovered in whole or in part. This would have an adverse effect on the value of the security that has been granted to the bondholders.

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.

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

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

Furthermore, the value of the pledge over the intercompany loans granted by the Issuer to certain subsidiaries are dependent on the financial position of those subsidiaries which, in an enforcement situation, is likely to have already been adversely affected. Should a debtor be unable to repay its debt obligations upon an enforcement of a pledge over an intercompany loan, there is a risk that the bondholders will not recover the full or any value of the security granted over such intercompany loan.

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 remaining assets (if any) of the Issuer for the amounts which remain outstanding under or in respect of the Bonds.

#### **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 Terms and Conditions may be adversely affected.

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

A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. The subsidiaries are legally separated from the Issuer and the subsidiaries' ability to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and law restriction. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the subsidiaries, all creditors of such subsidiary could be entitled to payment in full out of the assets of such subsidiary before any entity within the Group, as a shareholder, could be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of the subsidiaries. The

Group and 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.

### **Security over assets granted to third parties**

The Group may, subject to limitations, incur additional financial indebtedness and provide security for such indebtedness. In the event of bankruptcy, reorganisation or winding-up of the Issuer, the bondholders will be subordinated in right of payment out of the assets being subject to security. In addition, if any such third party financier holding security provided by the Group could enforce such security due to a default by any Group Company under the relevant finance documents, such enforcement would have a material adverse effect on the Group's assets, operations and ultimately the position of the bondholders.

### **Currency risks**

The Bonds are denominated and payable in EUR. If bondholders in the Bonds measure their investment return by reference to a currency other than EUR, an investment in the Bonds will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the EUR relative to the currency by reference to which investors measure the return on their investments. This could cause a decrease in the effective yield of the Bonds below their stated coupon rates and would result in a loss to investors when the return on the Bonds is translated into the currency by reference to which the investors measure the return on their investments. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the bonds. As a result, there is a risk that investors may receive less interest or principal than expected, or no interest or principal.

### **Majority owner**

Following any potential change of control in the Issuer, the Issuer may be controlled by majority shareholder whose interest may conflict with those of the bondholders, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. 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. According to the Terms and Conditions, if a change of control event occurs, the bondholders have however 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.

### **Put options**

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put options) if any person or group of persons, other than the Majority Shareholder (or an Affiliate thereof) acting in concert gains control over the Issuer and where "control" means (a) controlling, directly or indirectly, more than 50% of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer, and where "acting in concert" means, a group of persons, who, pursuant to an

agreement or understanding (whether formal or informal), actively co-operate, through the acquisition, directly or indirectly, of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer. There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which would adversely affect the Issuer, for example by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

#### **Risks related to early redemption**

Under the Terms and Conditions for the Bonds, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the holders of the Bonds have the right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions for the Bonds. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate. It is further possible that the Issuer will not have sufficient funds at the time of the mandatory prepayment to carry out the required redemption of Bonds.

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

#### **The rights of bondholders depend on the Agent's actions and financial standing**

By investing in any Bond, each holder of a Bond accepts the appointment of the Agent (being on the date of this Prospectus Intertrust (Sweden) AB) to act on its behalf and to perform administrative functions relating to the Bonds. The Agent has, among other things, the right to represent the bondholders in all court and administrative proceedings in respect of the Bonds. However, the rights, duties and obligations of the Agent as the representative of the holders of the Bonds are subject to the provisions of the Terms and Conditions for the Bonds, and there is no specific legislation or market practice in Sweden (under which laws the Terms and Conditions for the Bonds are governed) which could govern the Agent's performance of its duties and obligations relating to the Bonds. There is a risk that a failure by the Agent to perform its duties and obligations properly or at all will adversely affect the enforcement of the rights of the bondholders.

The Agent may be replaced by a successor Agent in accordance with the Terms and Conditions for the Bonds. 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 the successor Agent breaches its obligations under the above documents or that insolvency proceedings could be initiated against it.

A materialisation of any of the above risks will have a material adverse effect on the enforcement of the rights of the holders of the Bonds and the rights of the holders of the Bonds to receive payments under the Bonds.

#### **Bondholders' meetings**

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

#### **Restrictions on the transferability of the Bonds**

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in the United States. The Issuer has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Issuer has not registered the Bonds under any other country's securities laws. It is each potential investor's obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a bondholder cannot sell its Bonds as desired. Restrictions relating to the transferability of the Bonds could have a negative effect for some of the bondholders.

#### **Risks relating to the clearing and settlement in Euroclear Sweden AB's book-entry system**

The Bonds are affiliated to Euroclear Sweden AB's account-based system, and no physical notes have been issued. Clearing and settlement relating to the Bonds is carried out within Euroclear Sweden AB's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear Sweden AB's account-based system and any problems thereof could have an adverse effect on the payment of interest and repayment of principal under the Bonds.

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

This document and the Terms and Conditions are based on Swedish law in force at the date of this Prospectus. There is a risk that amended or new legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

#### **Conflict of interests**

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



## 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**"). None of the administrators of EURIBOR are, as of the date of this Prospectus, part of the register held by the European Securities and Markets Authority ("ESMA") in accordance with article 36 of the Benchmark Regulation.

<b>Issuer</b> .....	European Lingerie Group AB (publ).
<b>Bonds Offered</b> .....	The aggregate amount of the bond loan will be an amount of up to a maximum of EUR 60,000,000. 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. At the date of this Prospectus, an aggregate amount of Bonds of EUR 40,000,000 had been issued on the First Issue Date.
<b>Number of Bonds</b> .....	Maximum 600.
<b>ISIN</b> .....	SE0010831792.
<b>First Issue Date</b> .....	22 February 2018.
<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 7.75 per cent. per annum. However, following an admission of all shares in the Issuer to trading on a regulated market, the interest rate may decrease to three-month EURIBOR plus 6.25 per cent. per annum if certain financial covenants are met.
<b>Interest Payment Dates</b> .....	22 February, 22 May, 22 August and 22 November of each year commencing on 22 May 2018. Interest will accrue from (but excluding) the Issue Date.
<b>Nominal Amount</b> .....	The Bonds will have a nominal amount of EUR 100,000 and the minimum permissible investment in the Bonds is EUR 100,000.

**Status of the Bonds .....** 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.

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer, and:

- will at all times rank *pari passu* 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;
- 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
- are structurally subordinated to any existing or future indebtedness of the subsidiaries of the Issuer, including obligations to trade creditors.

**Security .....** The Bonds 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.

**Redemption Clauses.....** The Issuer may, together with accrued but unpaid interest and a premium of 2.5 per cent. of the repaid Nominal Amount, (i) on one occasion each calendar year, make partial repayments of Bonds in an amount corresponding to a maximum of EUR 10,000 per each Bond, and/or (ii) on one occasion, in connection with an admission of all shares in the Issuer to trading on a regulated market, repay up to EUR 30,000 per each Bond in accordance with Clause 9.4 (*Voluntary partial redemption*).

However, the aggregate Nominal Amount must be at least EUR 70,000 per each Bond 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)*)).

**Call Option Amount .....** Call Option Amount means:

- (a) any time from and including the First Call Date, to, but excluding, the first Business Day falling 18 months after the First Issue Date at an amount per Bond equal to 105.50 per cent. of the Nominal Amount, together with accrued but unpaid interest;
- (b) any time from and including the first Business Day falling 18 months from the First Issue Date, to, but excluding, the first Business Day falling 24 months after the First Issue Date at an amount per Bond equal to 103.75 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 from the First Issue Date, to, but excluding, the first Business Day falling 30 months after the First Issue Date at an amount per Bond equal to 102.50 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 from the First Issue Date, to, but excluding, the Final Maturity Date at an amount per Bond equal to 101.00 per cent. of the Nominal Amount, together with accrued but unpaid interest.

**First Call Date.....** The date falling 12 months after the First Issue Date.

**Final Maturity Date .....** 22 February 2021.

**Change of Control.....** Should a Change of Control Event occur, each bondholder shall have a right to request that all, or some only, of its Bonds are repurchased at a price of 101 per cent. of the outstanding Nominal Amount with accrued and unpaid interest.

**Change of Control Event.....** The occurrence of an event or series of events whereby one or more Persons, not being an Ultimate Shareholder (or an Affiliate thereof), acting in concert, acquire control,

directly or indirectly, over more than 50 per cent. of the voting shares of the Issuer, or the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

**Ultimate Shareholder.....** Ultimate Shareholder means Indrek Rahumaa and John Bonfield.

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

- restrictions on making any changes to the nature of their business;
- a negative pledge, restricting the granting of security on Financial Indebtedness;
- restrictions on the incurrence of Financial Indebtedness; and
- limitations on the making of distributions and disposal of assets.

The Terms and Conditions contain incurrence covenants which govern the ability of the Issuer and the other Group Companies to incur additional debt.

The Terms and Conditions contain maintenance covenants according to which the Issuer shall procure that, at each Reference Date, the Net Interest Bearing Debt to EBITDA is below:

- (a) 4.50:1 from (and including) the First Issue Date until (and including) the first anniversary of the First Issue Date;
- (b) 4.25:1 from (but excluding) the first anniversary of the First Issue Date until (and including) the second anniversary of the First Issue Date; and
- (c) 4.00:1 from (but excluding) the second anniversary of the First Issue Date until (and including) the Final Maturity Date.

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

**Use of Proceeds .....** The Issuer shall use the proceeds from the issue of the Initial Bonds, less the costs and expenses incurred by the

Issuer in connection with the issue of the Bonds, for (i) refinancing the Existing Debt, (ii) financing, directly or indirectly by way of intra-group loans, general corporate purposes or capital expenditures of the Group including add-on acquisitions and (iii) financing Transaction Costs.

The Net Proceeds from any Subsequent Bond issue shall be used to finance, directly or indirectly by way of intra-group loans, general corporate purposes of the Group, including add-on acquisitions.

<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>Listing.....</b>	Application has been made to list the Bonds on Nasdaq Stockholm.
<b>Agent.....</b>	Intertrust (Sweden) AB, or another party replacing it, as Agent, in accordance with the Terms and Conditions
<b>Security Agent .....</b>	The security agent holding the Transaction Security on behalf of the Secured Parties, being Intertrust (Sweden) AB on the First Issue Date.
<b>Issuing Agent .....</b>	Pareto Securities AB, or another party replacing it, as Issuing Agent, in accordance with the Terms and Conditions.
<b>Governing Law of the Bonds</b>	Swedish law (save for Clause 20 ( <i>Parallel Debt</i> ) of the Terms and Conditions and the Promissory Note, which shall be governed by and construed in accordance with Dutch law).
<b>Risk Factors.....</b>	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

## STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 7 February 2018, and was subsequently issued by the Issuer on 22 February 2018. 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 Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

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

20 December 2018

European Lingerie Group AB (publ)

*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.

### Share Purchase Agreement

On 31 May 2018 the Issuer's subsidiary Felina France S.A.R.L entered into a share purchase agreement with MCSH E.U.R.L as seller regarding the purchase of Dessus Dessous SAS ("**Dessus**"). The acquisition was closed on 14 June 2018 and was partly financed with the proceeds from the issuance of the Bonds. The share purchase agreement contains deferred payment provisions and the remaining payment will be paid on or about 31 March 2019. The deferred payment will be partly based on fixed components and partly based on variable components depending on the actual audited results of Dessus for the financial year. However the deferred payment will not exceed 22% of the total purchase price.

## DESCRIPTION OF THE GROUP

### History and development

European Lingerie Group AB (publ) was incorporated on 23 November 2017 and is a Swedish public limited liability company operating under the laws of Sweden with reg. no. 559135-0136.

The registered office of the Company is Norrlandsgatan 16, 111 43 Stockholm and the Company's headquarters is located at Teikums, Gustava Zemgala Gatve 78, Riga, LV-1039, Latvia, with telephone number +372 5097147.

In accordance with the articles of association of the Company, adopted on 3 January 2018, the objects of the Company are to be engaged in the management of its subsidiaries that operate within the business field of lingerie, as a holding company.

The Issuer acquired the Latvian company AS European Lingerie Group ("ELG AS"), Latvian reg. no. 40203062787, in February 2018 and became the indirect owner of the Lauma Fabrics and Felina groups (please refer to section "Overview of Group Structure" for an overview of the Group). ELG AS was established in April 2017 as the parent company of the existing Lauma Fabrics group and acquired the Felina group in June 2017 through an acquisition of all shares in Felina International AG. The history of the various parts of the Group extends to the 1960's (in case of the Lauma Fabrics group) and to the 1880's (in case of Felina Group).

Year	Lauma Fabrics	Year	Felina
<b>1969</b>	Lauma was founded in Liepaja, Latvia, as a state enterprise.	<b>1885</b>	Foundation of Felina in Mannheim, Germany.
<b>1988</b>	Starts exporting to Europe.	<b>1960's</b>	Launch of first bra with elastic straps.
<b>1994</b>	Privatised, became a joint stock company.	<b>1987</b>	Launch of Felina's best-selling product Weftloc.
<b>2004</b>	Principal shareholders Mr Rahuma and Mr Bonfield acquired AS Lauma which then operated as a fabrics and lingerie manufacturer.	<b>2005</b>	Introduction of the Conturelle brand in modern designs.
<b>2006</b>	Split into three companies – AS Lauma Lingerie (lingerie cut & sew), SIA Lauma Fabrics (lingerie fabrics manufacturing) and AS Lauma (property management). <sup>1</sup>	<b>2006</b>	Launch of Conturelle's product line Provence.
<b>2008</b>	Fabrics production and real estate combined in Lauma Fabrics.	<b>2014</b>	Acquired by the private equity company Palero, implementation of sustainable revitalization growth strategy.
<b>2013</b>	To enter the Western European market, Lauma Fabrics acquired	<b>2017</b>	Acquired by ELG group.

<sup>1</sup> Following its acquisitions by Silvano Fashion Group, AS Lauma Lingerie is no longer part of the Group and is not affiliated with the Group.



Elastic Textile Europe's elastic fabrics manufacturing and dyeing business in Germany.

## Business overview and operations

The Group is a fully vertically integrated intimate apparel and lingerie group. The Group was previously a fabric manufacturer (the Lauma Fabrics group) and, in order to execute its vertical integration strategy, acquired the lingerie manufacturer and distributor Felina in June 2017.

The Group business consists of two segments. Lauma Fabrics produces and supplies fabrics, lace and narrow bands for the lingerie industry and medical textiles, and Felina designs, manufactures and distributes branded lingerie. Felina's main brands are "Felina" and "Conturelle". The Groups products are sold in 46 countries worldwide, and primarily in Western, Eastern Europe and CIS countries.

The Group's business is vertically integrated, encompassing the entire value chain from product design to sourcing of raw materials to producing fabrics and lace, moulding and dyeing, manufacturing and distributing finished women's lingerie garments. Lauma Fabrics main production units are located in Latvia and Germany. Felina operates two production facilities in Hungary with distribution companies in Germany, France, Italy, Spain, Portugal, Poland, USA and Czech Republic. Design and development of the Group's products is handled by in-house design teams for both fabrics, laces and lingerie.

## Felina

Felina is a premium quality lingerie brand with over 100 years of history. Felina's classical and modern collections are marketed under two distinct and complementary brands Felina and Conturelle. Both brands are positioned in the upper pricing, premium fit segment addressing women above 30 years of age with high purchasing power and low price sensitivity, and its core portfolio focus on bras up to large cup sizes, slips, shape wear and other intimate wear, which distinguish via excellent fitting characteristics, quality, wearing comfort and skin-friendly materials.

Felina is well established in Germany, Benelux and Russia and has a strong presence in other parts of Europe as well as worldwide. Felina has long-standing relationships and a well-developed distribution network covering approximately 5,000 clients in over 32 countries, and its lingerie is largely distributed by external distributors, including specialised shops and boutiques (including Leffers, Herzog & Bräuer, Wäsche Jacobi, Livera, Garhammer and Jost), department stores (including Galleria Kaufhof, Karstadt and El Corte Ingles), and wholesalers. Felina also has its own stores, including four outlets in Germany, as well as four franchise shops and four stores in Poland (of which one operates as an outlet). Felina's main customer in Russia acts as exclusive distributor of Conturelle, and there are three other customer or distribution agreements relating to Russia. The Group sees a good potential to expand the Felina brand further into Scandinavia, Spain and the UK, and such expansion could be facilitated either through expansion or via strategic acquisitions.

## Lauma Fabrics

Lauma Fabrics is a manufacturer of, *inter alia*, fabrics, laces and narrow bands for the lingerie sector with a long heritage of technical know-how. Lauma Fabrics, established 45 years ago, is located in Liepaja, Latvia, and Germany. Liepaja is a known cluster for lingerie production in Europe and has significant know-how availability. Lauma Fabrics supplies its products to around 200 customers, including large manufactures of intimate apparel such as Triumph, Milavitsa and Van de Velde. Lauma Fabrics entered into the Western European market in 2013 through the acquisition of a business in Germany which manufactures elastic fabrics.

All production in Lauma Fabrics is under one roof with no outsourcing, this includes warping, knitting, dyeing and finishing. The Group owns the machinery needed for the full production cycle, with fabric and lace mainly being produced in the Group's main production site in Liepaja, Latvia and high complexity elastic fabrics being produced in Germany.

Lauma Fabrics also produces medical textiles, including elastic bandages with high elasticity, elastic back support belts, joint support bandages, as well as products for pregnancy and post-pregnancy period, and compression stockings. These products are sold under the brand Lauma Medical. Its medical goods are mainly sold through regional distributors who then distribute products to pharmacies. Lauma currently has over 25,000 partner pharmacies, out of which 20,000 are located in Russia. The Group also acquired a Russian distributor, AO Avangard, in 2017 in order to secure the Group's successful distribution of medical products in Russia.

### **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 has an issued share capital of EUR 60,000 divided into 60,000 of shares.

97.2% of the Company are, as per the date of this Prospectus, owned by (i) Helike Holdings OÜ, a limited liability company registered under the laws of Estonia controlled by Mr Indrek Rahumaa, holding 72.65% of the shares, and (ii) Bryum Capital Ltd., a limited liability company registered under the laws of United Kingdom controlled by Mr John Bonfield, holding 24.55% of the shares. Therefore, the Company is controlled by Mr Indrek Rahumaa, who holds indirectly through related parties altogether 72.65% of the shares.

### **Shareholders' agreements**

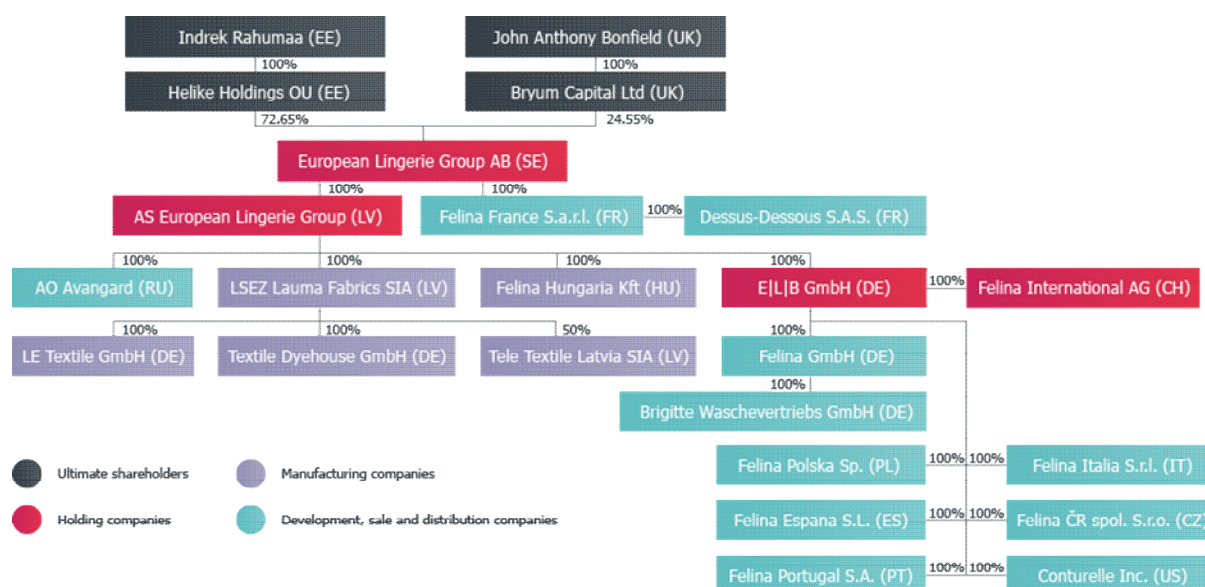
The Issuer is not aware of the details of any provision in the arrangement between its shareholders, the operation of which may at a subsequent date result in a change in control of the Issuer.

### **Overview of Group structure**

Currently, the Issuer has, directly and indirectly, 18 wholly-owned subsidiaries.

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

The structure of the Group, including its subsidiaries, is set out below. Unless specified in the overview below, all subsidiaries are owned to 100%.



### Current Group structure

### Recent events

Other than described in this Prospectus, 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

There has been no material adverse change in the prospects of the Group since the date of publication of its last audited special purpose financial statements and no significant change in the financial or trading position of the Group since the end of the last financial period for which interim financial information has been published.

### Legal and arbitration proceedings

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.

### Credit rating

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

## MANAGEMENT

The board of directors of the Issuer currently consists of four 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 Teikums, Gustava Zemgala Gatve 78, Riga, LV-1039, Latvia. Further information on the members of the board of directors and the senior management is set forth below.

### Board of directors

***Indrek Rahumaa, chairman of the board since 2018.***

**Education:** MBA, Stockholm School of Economics

***Peter Partma, member of the board since 2018.***

**Education:** MBA, Lund University.

***Dmitry Ditchkovsky, member of the board since 2018.***

**Education:** Master's degree in Economics, Belarus State Economic University,  
PhD in Economics, National Academy of Science,  
MBA, University of New Brunswick.

**Current commitments:** Member of the board of directors of Tsentroenergmontazh, JSC.  
Chairman of the board of directors of IPM Business School, Minsk

***Fredrik Gustav Björn Synnerstad, member of the board since 2018.***

**Education:** Stockholm School of Economics - Master in Finance and International Business

**Current commitments:** Board member in United Force Capital LLP, Troserums Förvaltnings AB, Troserum Holding AB, Paydrive AB, Aktiebolaget Citadelab, Delphie LST AB, Nordic Supplier AB, Zipreneur AB and Troserum Skog AB and CEO in Fateh Group Sweden AB.

## Management

### ***Peter Partma, CEO***

Peter Partma is the CEO of the Issuer and has since June 2017 led the Group's management team. Peter is a widely respected manager whose experience includes managing the iconic Tsum department store in Moscow (2008-2015) and overseeing the opening of the first IKEA store in Russia. Peter is responsible for the daily management of the Group with main focus on business development, sales and profitability.

### ***Baiba Birzniece, Head of Strategy, M&A and Investor Relations***

Baiba Birzniece, previously a member of the Group's Supervisory Board, as of April 2018 joined the Management team as Head of Strategy, M&A and Investor Relations. Baiba has extensive expertise and lead the vertical integration project of Lauma Fabrics, including the acquisition process of Felina International. Before joining the Group, she worked at KPMG Baltics, as well as gained experience working as a corporate development manager at Lattelecom and as senior advisor at Alta Capital Partners to become CFO of Silvano Fashion Group and CFO of Selena Oil & Gas Holding. Baiba holds a degree in Business Administration from Vidzeme University and is ACCA certified.

### ***Diana Suprunovica, CFO***

Diana Suprunovica joined Lauma Fabrics in 2017 and the Group in 2017 to manage the financial department of the Group. She started her career as an auditor with KPMG Latvia in 2000 participating in due diligence missions and working on IFRS and US GAAP statements. Later she worked as the Head of Accounting department with SPI Cyprus where she successfully managed the transition to SAP, implementing an in-house accounting flow that was previously outsourced. In 2006, she moved to Switzerland as Group Financial Controller at SPI Group SA where she managed a group of 41 multi-industry subsidiaries located in 13 countries. Diana has a degree in Economics and Business Administration from Stockholm School of Economics in Riga and is ACCA certified.

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

Other than the indirect control of the Issuer by Indrek Rahumaa, and 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 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**

The Issuer's financial statements for the financial year ended 31 December 2017 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

The Issuer's financial statements for the financial year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

Other than the auditing of the Issuer's financial statements for the financial year ended 31 December 2017 the Issuer's auditor has not audited or reviewed any part of this Prospectus.

The Issuer's special purpose financial statements for the financial year ended 31 December 2017 are incorporated into this Prospectus by reference and available in electronic format on the Issuer's website at <https://www.elg-corporate.com/investor-relations/financial-reports/>. For particular financial figures, please refer to the pages set out below:

- statement of profit or loss and other comprehensive income, page 5;
- statement of financial position, page 6;
- statement of cash flows, page 8;
- statement of changes in equity, page 7;
- the audit report, page 17-18; and
- notes, pages 9-15

The pages set out below in the Group's condensed interim consolidated financial statements for the financial period 1 January 2018 to 30 September 2018 are incorporated into this Prospectus by reference and available in electronic format on the Issuer's website at <https://www.elg-corporate.com/investor-relations/financial-reports/>. Other pages (not incorporated into this Prospectus by reference) have been omitted since they are deemed not relevant for investors.

- condensed consolidated statement of profit or loss and other comprehensive income, page 16;
- condensed consolidated statement of financial position, page 17;
- condensed consolidated statement of cash flows, pages 19 – 20;
- condensed consolidated statement of changes in equity, page 18;
- notes, pages 21 – 31.

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

The Company's special purpose financial statements as at present and for the year 2017 have been audited, as applicable, by KPMG AB, Vasagatan 16, 101 27 Stockholm. KPMG AB has been the Company's auditor since 2018. KPMG AB was elected as auditor at an extraordinary general meeting the Company in January 2018 due to a change of ownership in the Company. Petra Lindström is the auditor who is responsible for the Company. Petra Lindström is an authorized auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

The auditing of the Company's financial statements 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 has been taken from the special purpose financial statements of the Issuer for the financial year ended 31 December 2017, which were published on 3 December 2018 on the Issuer's website [elg-corporate.com](http://elg-corporate.com) and from the condensed interim consolidated financial statements of the Issuer for the financial period 1 January 2018 to 30 September 2018, which were published on 29 November 2018 on the Issuer's website [elg-corporate.com](http://elg-corporate.com).

## OTHER INFORMATION

### Assurance regarding the Prospectus

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

### Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of EUR 40,000,000 and the Issuer may, subject to certain conditions set out in the Terms and Conditions, issue additional Bonds in a maximum aggregate amount of EUR 20,000,000 (together with the initial Bonds in aggregate EUR 60,000,000). Each Bond has a nominal amount of EUR 100,000. The ISIN for the Bonds is SE0010831792.

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

### Representation of the Bondholders

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

### Material contracts

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

### Documents available for inspection

The following documents are available at the Company's headquarters at Teikums, Gustava Zemgala Gatve 78, Riga, LV-1039, Latvia, 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;
- the Company's special purpose financial statements and audit report for the financial year ended 31 December 2017;
- the Group's condensed interim consolidated financial statements for the financial period 1 January to 30 September 2018;
- the financial statements and audit reports for the financial year ended 31 December 2016 and for the financial year ended 31 December 2017 for each company within the Group (to the



extent such Group companies were incorporated during 2016 or 2017 and have issued financial statements and audit reports for such financial years); and

- this Prospectus.

The following documents are also available in electronic form on the Company's website [elg-corporate.com](http://elg-corporate.com):

- the Company's special purpose financial statements and audit report for the financial year ended 31 December 2017;
- the Group's condensed interim consolidated financial statements for the financial period 1 January 2018 to 30 September 2018; and
- this Prospectus.

### **Listing costs**

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 385,000.

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

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

**"Advance Purchase Agreement"** means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment in the normal course of business with credit periods which are normal for the relevant type of project contracts, or (b) any other trade credit incurred in the ordinary course of business.

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

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

**"Applicable Margin"** means:

- (a) prior to an Equity Listing Event, the Initial Margin; and
- (b) following an Equity Listing Event:
  - (i) if the Incurrence Test is not met, the Initial Margin; and
  - (ii) if the Incurrence Test is met, the Step-down Margin.

The Applicable Margin shall apply from (but excluding the first Interest Payment Date occurring after the testing of the Incurrence Test.

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

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

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

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

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

**"Change of Control Event"** means the occurrence of an event or series of events whereby one or more Persons, not being an Ultimate Shareholder (or an Affiliate thereof), acting in concert, acquire control, directly or indirectly, over more than 50 per cent. of the voting shares of the Issuer, or the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

**"Compliance Certificate"** means a certificate, in the agreed form between the Agent and the Issuer, signed by the Issuer certifying 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. If the Compliance Certificate is provided in connection with an Incurrence Test and/or Maintenance Test, the certificate shall confirm satisfaction of the Incurrence Test and/or Maintenance Test (as applicable) and include calculations and figures in respect of the Incurrence Test and/or Maintenance Test (as applicable).

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

**"CSD Regulations"** means the CSD's rules and regulations applicable to the Issuer, the Agent and the Bonds from time to time.

**"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 member of the Group;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any extraordinary items which are not in line with the ordinary course of business, provided that such items are not in excess of an amount equal to 15 per cent. of EBITDA in the Reference Period;
- (d) before taking into account any Transaction Costs and any transaction costs relating to any acquisition of any additional target company;

- (e) not including any accrued interest owing to any member of the Group;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which are accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (i) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and
- (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group.

"**Equity Cure**" shall have the meaning given to such term in Clause 12.1.3 (*Equity Cure*).

"**Equity Listing Event**" means the admission of all shares in the Issuer to trading on NASDAQ Stockholm or other Regulated Market.

"**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.

"**Event of Default**" means an event or circumstance specified in any of Clause 14.1 (*Non-Payment*) to Clause 14.9 (*Continuation of the Business*).

"**Existing Debt**" means: (i) a syndicated long-term loan in the amount of EUR 19,700,000, entered into between LSEZ Lauma Fabrics SIA as borrower and Citadele Banka and Baltikums

Bank as lenders and (ii) convertible notes, in the aggregate nominal amount of EUR 11,000,000, issued by AS European Lingerie Group (formerly AS Lauma International).

**"Existing ELG Group"** means AS European Lingerie Group and its Subsidiaries from time to time.

**"Final Maturity Date"** means 22 February 2021.

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

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

**"Finance Lease"** means any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the accounting principles applicable on the First Issue Date (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 on the First Issue Date shall not, regardless of any subsequent changes or amendments of the accounting principles, be considered as finance or capital leases.

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

- (a) moneys borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any Finance Leases;
- (c) receivables sold or discounted (other than receivables 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 items (a)-(f).

**"Financial Instruments Accounts Act"** means the Swedish Financial Instruments Accounts Act (*lag (1998:1479) om kontoföring av finansiella instrument*).

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

**"First Call Date"** means the date falling 12 months after the First Issue Date.

**"First Issue Date"** means 22 February 2018.

**"First Margin Test Date"** has the meaning set forth in Clause 12.2.3 (*Testing of the Incurrence Test – Applicable Margin*)

**"Force Majeure Event"** has the meaning set forth in Clause 27(a).

**"Group"** means the Issuer and its Subsidiaries from time to time (including the Existing ELG Group) and **"Group Company"** means any of them.

**"Holding Company"** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**"Incurrence Test"** means the test as set out in Clause 12.2 (*Incurrence Test*).

**"Initial Nominal Amount"** has the meaning set forth in Clause 1.1.1(c).

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

**"Initial Margin"** means 7.75 per cent. per annum.

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

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

**"Interest Payment Date"** means 22 February, 22 May, 22 August and 22 November each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 22 May 2018 and the last Interest Payment Date shall be the relevant Redemption Date.

**"Interest Period"** means (i) in respect of the first Interest Period, the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment

Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

**"Interest Rate"** means EURIBOR plus the Applicable Margin.

**"Issuer"** means European Lingerie Group AB (publ), a public limited liability company incorporated under the laws of Sweden with Swedish Reg. No. 559135-0136.

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

**"Latvian Security Documents"** means the security documents set out in paragraph (a), (b), (c) and (e) of the definition of "Security Documents".

**"Maintenance Test"** means the test as set out in Clause 12.1 (*Maintenance Test*).

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

**"Material Adverse Effect"** means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Group's ability to perform and comply with the Finance Documents, or (c) the validity or enforceability of the Finance Documents.

**"Material Intra-Group Loan"** means any intra-group loans provided by the Issuer to any of its Subsidiaries in an amount exceeding EUR 5,000,000, (initially being a loan in the amount of EUR 15,300,000 from the Issuer to E|L|B GmbH, made on or about the date of disbursement of the funds from the Proceeds Account).

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

**"Net Interest Bearing Debt"** means the aggregate interest bearing debt (including Finance Leases, but no other leases) less cash and cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time (for the avoidance of doubt, excluding guarantees, counter indemnities in respect of bank guarantees, Subordinated Loans and interest bearing debt 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 its fees and costs shall be deducted) and the Issuing 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 Clause 9.4 (*Voluntary partial redemption*).

**"Parallel Debt"** means a payment undertaking and the obligations and liabilities resulting from it by the Issuer to the Security Agent set forth in Clause 20 (*Parallel Debt*).

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

- (a) incurred under the Bonds (except for any Subsequent Bonds);
- (b) the amount of any liability in respect of any Finance Leases in a maximum aggregate amount not exceeding EUR 1,000,000;
- (c) under any guarantee issued by a Group Company or pursuant to a counter-indemnity provided to a bank or other third party provider of a guarantee, in each case incurred in the ordinary course of business;
- (d) 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 these Terms and Conditions and/or any Working Capital Facility, but not any transaction for investment or speculative purposes;
- (e) arising under any interest rate hedging transactions in respect of payments to be made under these Terms and Conditions and/or any Working Capital Facility, but not any transaction for investment or speculative purposes;
- (f) incurred under Advance Purchase Agreements;
- (g) any pension debt, in the ordinary course of business;
- (h) incurred under any Subordinated Loans;
- (i) 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 (B) and (C) which occur after the Final Maturity Date;
- (j) incurred by any member of the Group under any working capital facility provided for the general corporate purposes of the Group in the maximum amount of EUR 4,000,000 (the "**Working Capital Facility**");
- (k) taken up from a Group Company;
- (l) 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 or similar 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;
- (m) until repaid in full, the Existing Debt;



- (n) incurred as deferred consideration in connection with the acquisition of OAO Avangard (the Russian distributor of the "Lauma Medical" brand), for the amount not exceeding EUR 1,730,000; and
- (o) any other Financial Indebtedness incurred by Group Companies not in aggregate exceeding an outstanding amount of EUR 1,000,000.

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

- (a) provided under the Finance Documents;
- (b) over the Proceeds Account;
- (c) 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);
- (d) provided in relation to any lease agreement entered into by a Group Company;
- (e) provided over any assets being subject to a Financial Lease, permitted pursuant to paragraph (b) of the definition of Permitted Debt above;
- (f) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (g) any guarantee or security provided by or over a Group Company to secure any Permitted Debt referred to in paragraphs (d), (e), (g), (i), (j), (l), (m) and (o) of Permitted Debt; and
- (h) provided for any guarantees issued by a Group Company in the ordinary course of business.

**"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.

**"Proceeds Account"** means a bank account of the Issuer held with a reputable bank, into which the Net Proceeds from the Initial Bonds will be transferred and which has been pledged in favour of the Agent and the Bondholders (represented by the Agent) under the Proceeds Account Pledge Agreement.

**"Proceeds Account Pledge Agreement"** means the pledge agreement entered into between the Issuer and the Agent on or about the First Issue Date in respect of a first priority pledge over the Proceeds Account and all funds held on the Proceeds Account from time to time, granted in favour of the Agent and the Bondholders (represented by the Agent).

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

**"Record Date"** means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under

Clause 15 (*Distribution of Proceeds*), (iv) the date of a Bondholders' Meeting, and (iv) another relevant date, or in each case such other Business Day falling prior to a relevant date as generally applicable on the Swedish bond market.

**"Redemption Date"** means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and Repurchase of the Bonds*).

**"Reference 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 12 consecutive calendar months.

**"Regulated Market"** means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

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

**"Secured Obligations"** means all present and future obligations and liabilities of the Issuer to the Secured Parties under the Finance Documents.

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

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

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

**"Security Agent"** means the security agent holding the Transaction Security on behalf of the Secured Parties, being Intertrust (Sweden) AB on the First Issue Date.

**"Security Documents"** means:

- (a) the share pledge agreement in respect of all of the shares in AS European Lingerie Group granted by the Issuer;
- (b) the share pledge agreement in respect of all of the shares in AS European Lingerie Brands granted by AS European Lingerie Group;
- (c) the share pledge agreement in respect of all of the shares in LSEZ Lauma Fabrics SIA granted by AS European Lingerie Brands;
- (d) the share pledge agreement in respect of all of the shares in Felina GmbH granted by Felina International AG;
- (e) the mortgage agreement in respect of:
  - (i) certain land at Ziemeļu Street 19, Liepāja, Latvia; and

- (ii) certain buildings at Ziemelu Street 19 and Ziemelu Street 19A Liepaja, Latvia;
- (f) the pledge or security assignment agreement in respect of any Material Intra-Group Loans; and
- (g) any other security document entered into pursuant to Clause 13.11 (*Further Transaction Security*).

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

**"Step-down Margin"** means 6.25 per cent. per annum.

**"Subordinated Loans"** means any loan made to the Issuer as the debtor, if such loan (a) according to its terms, is subordinated to the obligations of the Issuer under these Terms and Conditions pursuant to the Subordination Agreement, (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date, and (c) according to its terms yield only payment-in-kind interest and/or cash interest that is payable after the Final Maturity Date (unless a Restricted Payment is permitted under the Finance Documents).

**"Subordination Agreement"** means a subordination agreement between, among others, the Agent, the Issuer and any creditor with respect to Subordinated Loans.

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

**"Subsidiary"** means in relation to any Holding Company, a company or corporation:

- (a) which is controlled, directly or indirectly, by the Holding Company,
- (b) more than half the issued share capital of which is owned, directly or indirectly, by the Holding Company; or
- (c) which is a subsidiary of another Subsidiary of the Holding Company,

and, for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to determine the composition of the majority of its board of directors or equivalent body

**"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) any acquisition, (iii) any Working Capital Facility and (iv) the listing of the Bonds.

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

**"Ultimate Shareholders"** means Indrek Rahumaa and John Bonfield.

**"Working Capital Facility"** shall have the meaning given thereto in paragraph (j) of the definition of Permitted Debt.

**"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 Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website ([riksbank.se](http://riksbank.se)). 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 Sweden 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 100,000 (the "**Initial Nominal Amount**"). The maximum total nominal amount of the Initial Bonds is EUR 40,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Initial Nominal Amount.
- (d) Provided that the Incurrence Test is met, the Issuer may, at one or several occasions, issue Subsequent Bonds. Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the interest rate, the nominal amount and the final maturity 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 60,000,000 unless consent from the Bondholders is obtained in accordance with Clause 16(f)(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.
- (e) The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.
- (f) The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (g) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

### 3. Use of Proceeds

The Issuer shall use the proceeds from the issue of the Initial Bonds, less the costs and expenses incurred by the Issuer in connection with the issue of the Bonds, for (i) refinancing the Existing Debt, (ii) financing, directly or indirectly by way of intra-group loans, general corporate purposes or capital expenditures of the Group including add-on acquisitions and (iii) financing Transaction Costs. The Net Proceeds from any Subsequent Bond issue shall be used to finance, directly or indirectly by way of intra-group loans, general corporate purposes of the Group, including add-on acquisitions.

## 4. Conditions Precedent

### 4.1 Conditions Precedent Initial Bonds Issue

- (a) The Issuer shall establish the Proceeds Account prior to the First Issue Date. On the First Issue Date, the Issuing Agent shall transfer the Net Proceeds from the Initial Bonds to the Proceeds Account. The payment of the Net Proceeds from the Initial Bonds to the Proceeds Account is subject to the Agent having received documents and

evidence of the Proceeds Account Pledge Agreement being duly executed and that the documents and/or other evidences to be delivered pursuant to the Proceeds Account Pledge Agreement have been delivered.

- (b) The Issuer shall provide, or procure the provision of, to 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), together constituting evidence that the Finance Documents have been duly executed;
  - (ii) copies of the Finance Documents, duly executed;
  - (iii) evidence that the security existing in favour of the Existing Debt will be released and discharged upon repayment of the Existing Debt;
  - (iv) copies of the Security Documents, duly executed, and/or evidence that the Security Documents, other documents and other evidences to be delivered pursuant to the Security Documents will be delivered as soon as practicably possible following disbursement of the Net Proceeds from the Initial Bond Issue from the Proceeds Account;
  - (v) evidence that the Issuer has acquired the Existing ELG Group;
  - (vi) an agreed form Compliance Certificate;
  - (vii) with the exception of the legal opinion set out in Clause 4.2(a)(ii), legal opinion(s) on the capacity and due execution, in respect of any non-Swedish entity being party to a Finance Document issued by a reputable law firm;
  - (viii) with the exception of the legal opinion set out in Clause 4.2(a)(ii), legal opinion(s) on the validity and enforceability of any Finance Document not governed by Swedish law issued by a reputable law firm; and
  - (ix) a legal opinion on the enforceability of the Parallel Debt governed by Dutch law.
- (c) The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 4.1(b) is accurate, legally valid, enforceable, correct and true, 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 documents referred to in Clause 4.1(b) from a legal or commercial perspective of the Bondholders.
- (d) When the Agent is satisfied that it has received the conditions precedent for disbursement set out in Clause 4.1(b), the Agent shall instruct the bank (with which the Issuer holds the Proceeds Account) to transfer the funds from the Proceeds Account in accordance with the payment instruction, and the Agent shall thereafter or in connection therewith release the pledge over the Proceeds Account.
- (e) If the conditions precedent for disbursement set out in Clause 4.1(b) have not been received by the Agent within thirty (30) Business Days from the First Issue Date, the Issuer shall redeem all Bonds at a price equal to 100 per cent. of the Nominal Amount

together with any accrued but unpaid Interest. Any funds distributed by the Agent to the Bondholders in accordance with the Proceeds Account Pledge Agreement shall be deemed to be paid by the Issuer for the redemption under this Clause 4.1(e) and any shortfall shall be covered by the Issuer. The redemption date shall fall no later than thirty (30) Business Days after the ending of the thirty (30) Business Days period referred to above.

#### **4.2 Conditions Subsequent Initial Bonds Issue**

- (a) The Issuer shall, no later than 15 Business Days following disbursement from the Proceeds Account in accordance with Clause 4.1(d) above, provide the Agent with the following:
  - (i) evidence that the security provided under the Latvian Security Documents has been registered with the Latvian Register of Commercial Pledges and corroborated with the Land Register of the Republic of Latvia; and
  - (ii) a legal opinion on the capacity, due execution, validity and enforceability in respect of any non-Swedish entity being party to the Latvian Security Documents issued by a reputable law firm.
- (b) The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 4.2(a) is accurate, legally valid, enforceable, correct and true, 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 documents referred to in Clause 4.2(a) from a legal or commercial perspective of the Bondholders.

#### **5. Bonds in Book-Entry Form**

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such Persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the

Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

## **6. Right to Act on Behalf of a Bondholder**

- (a) If any Person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such Person.
- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **7. Payments in Respect of the Bonds**

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 8(a)-8(c) during such postponement.
- (d) If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount.
- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.



## 8. Interest

- (a) Each Initial Bond carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (d) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (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 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 Business Day, then the redemption shall occur on the first following 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.

### 9.3 Voluntary total redemption (call option)

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full at:
  - (i) any time from and including the First Call Date, to, but excluding, the first Business Day falling 18 months after the First Issue Date at an amount per Bond equal to 105.50 per cent. of the Nominal Amount, together with accrued but unpaid interest;
  - (ii) any time from and including the first Business Day falling 18 months from the First Issue Date, to, but excluding, the first Business Day falling 24 months after the First Issue Date at an amount per Bond equal to 103.75 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 from the First Issue Date, to, but excluding, the first Business Day falling 30 months after the First Issue Date at an amount per Bond equal to 102.50 per cent. of the Nominal Amount, together with accrued but unpaid interest; and
  - (iv) any time from and including the first Business Day falling 30 months from the First Issue Date, to, but excluding, the Final Maturity Date at an amount per Bond equal to 101.00 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. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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

- (a) The Issuer may on one occasion each calendar year, make partial repayments of Bonds in an amount corresponding to a maximum of EUR 10,000 per each Bond (without carry-back or carry forward). Any such partial repayment shall reduce the Nominal Amount of each Bond pro rata (rounded down to the nearest EUR 100) and shall be made together with accrued but unpaid interest and a premium of 2.5 per cent. of the repaid Nominal Amount.
- (b) The Issuer may on one occasion, in connection with an Equity Listing Event, repay up to EUR 30,000 per each Bond, in which case all Bonds shall be partially repaid by way of reducing the Nominal Amount of each Bond pro rata. The repayment must occur on an Interest Payment Date within 180 days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such Equity Listing Event (net of fees, charges and commissions actually incurred in connection with such Equity Listing Event and net of taxes paid or payable as a result of such Equity Listing Event). The repayment per Bond shall equal the repaid percentage of the Nominal Amount (rounded down to the nearest EUR 100) and shall be made together with accrued but unpaid interest and a premium of 2.5 per cent of the repaid Nominal Amount.
- (c) Partial redemption pursuant to this Clause 9.4 (*Voluntary partial redemption*) shall be made by the Issuer giving not less than twenty (20) Business Days' notice to the Bondholders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and 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 part on the immediately following Interest Payment Date (after the notice period has elapsed) at the applicable amounts. The applicable amount shall be an even amount in Euro and paid to the Person who is registered as a Bondholder on the Record Date prior to the relevant Redemption Date.
- (d) Notwithstanding paragraphs (a)-(b) above, the aggregate Nominal Amount must be at least EUR 70,000 per each Bond 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 (put option)**

- (a) Upon a Change of Control Event occurring, 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 sixty (60) days following a notice from the Issuer of the Change of Control Event pursuant to Clause 11.1(b) (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.
- (b) The notice from the Issuer pursuant to Clause 11.1(b) shall specify the Record Date on which a Person shall be registered as a Bondholder to receive interest and principal, the Redemption Date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the Redemption Date specified in the notice given by the Issuer pursuant to Clause 11.1(b). The Redemption Date must fall no later than twenty (20) 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.

### **10. Transaction Security**

- (a) The Issuer shall grant the Transaction Security in relation to the Security Document referred to in Clause 4.1 and 4.2 at such time referred to therein.
- (b) The Agent shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Security Documents. The Issuer shall enter into the Security Documents and perfect the Transaction Security in accordance with the Security Documents.
- (c) Unless and until the Agent has received instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*), the Agent shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Agent's and/or 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' 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 interests of the Bondholders as a group.

## **11. Information to Bondholders**

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

- (a) The Issuer will make the following information available to the Bondholders by way of publication on the website of the Group (and after an application to list the Bonds has been submitted, also by way of a press release):
  - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, its annual audited consolidated financial statements (in English), 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, its quarterly unaudited consolidated financial statements (in English) or the year-end report (*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) after an application to list the Bonds have been submitted, any other information required by the Swedish Securities Markets Act (*Iag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Bonds are admitted to trading.
- (b) The Issuer shall immediately notify the Bondholders and the Agent upon becoming aware of the occurrence of a Change of Control Event. Such notice 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.
- (c) 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.
- (d) The Issuer shall submit a duly executed Compliance Certificate to the Agent in connection with (i) the incurrence of debt defined in section (i) of Permitted Debt, (ii) the distribution of a Restricted Payment, (iii) the First Margin Test Date, (iv) the delivery of a Financial Report, and (v) the Agent's request, within 20 days from such request. The Agent may assume that any information provided by the Issuer in the Compliance Certificate is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information.
- (e) The Issuer shall immediately notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such

further information as it may reasonably request in writing following receipt of such notice. 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.

- (f) The Issuer is only obliged to inform the Agent according to this Clause 11.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 11.1.
- (g) The Agent may assume that the documentation and evidence delivered to it is accurate, legally valid, enforceable, correct and true, and the Agent does not have to verify or assess the contents of any such documentation.

## **11.2 Information from the Agent**

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

## **11.3 Publication of Finance Documents**

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

# **12. Financial Testing**

## **12.1 Maintenance Test**

- (a) The Maintenance Test is met if the Net Interest Bearing Debt to EBITDA is below:
  - (i) 4.50:1 from (and including) the First Issue Date until (and including) the first anniversary of the First Issue Date;
  - (ii) 4.25:1 from (but excluding) the first anniversary of the First Issue Date until (and including) the second anniversary of the First Issue Date; and
  - (iii) 4.00:1 from (but excluding) the second anniversary of the First Issue Date until (and including) the Final Redemption Date.

### 12.1.2 Testing of the Maintenance Test

The Maintenance Test shall be tested quarterly on the basis of the Financial Report for the period covered by the relevant Reference Date on the basis of the Compliance Certificate delivered in connection therewith. The first test date for the Maintenance Test shall be 31 March 2018.

### 12.1.3 Equity Cure

- (a) If there is a breach of the Maintenance Test, no Event of Default will occur if, within thirty (30) Business Days of a delivery of the relevant Compliance Certificate evidencing that breach, the Issuer has received equity injection in cash in the form of a share issue or an unconditional shareholder contribution in an amount sufficient to ensure compliance with the Maintenance Test, as at the relevant test date (the "**Cure Amount**").
- (b) Upon the making of a Cure Amount, the calculation of the Net Interest Bearing Debt 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 counted in any calendar quarter shall be included in the Maintenance Test calculations until such time as that calendar quarter falls outside the Reference Period.
- (d) 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.

## 12.2 Incurrence Test

The Incurrence Test is met if:

- (a) the Net Interest Bearing Debt to EBITDA is below:
  - (i) 3.00:1 from the First Issue Date until (and including) the first anniversary of the First Issue Date;
  - (ii) 2.75:1 from the first anniversary of the First Issue Date until (and including) the second anniversary of the First Issue Date;
  - (iii) 2.50:1 from the second anniversary of the First Issue Date until (and including) the Final Maturity Date; and
- (b) no Event of Default is continuing or would occur upon the incurrence of Financial Indebtedness or the Restricted Payment (as applicable).

### 12.2.2 Testing of the Incurrence Test in connection with incurrence of Financial Indebtedness and/or the making of a Restricted Payment

- (a) The calculation of the ratio of Net Interest Bearing Debt to EBITDA in connection with the incurrence of Financial Indebtedness and the making of a Restricted Payment shall be made as per a testing date determined by the Issuer, falling no more than two months prior to the incurrence of the new Financial Indebtedness or making of the

Restricted Payment (as applicable). The Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the 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 the Net Interest Bearing Debt). EBITDA shall be calculated as set out below.

- (b) Notwithstanding paragraph 12.2.2, if the Incurrence Test is tested in connection with the incurrence of Financial Indebtedness to be used for an acquisition, the calculation of the ratio of Net Interest Bearing Debt to EBITDA shall be made based on the Net Interest Bearing Debt to EBITDA for the Group including the target company on a consolidated basis. The Net Interest Bearing Debt shall be measured for the Group including the target company on a consolidated basis on the relevant testing date so determined, and include the new Financial Indebtedness incurred by the Group for the acquisition.

### 12.2.3 Testing of the Incurrence Test – Applicable Margin

Following an Equity Listing Event, the Incurrence Test shall be tested as per a testing date determined by the Issuer falling after the date of the Equity Listing Event (the "**First Margin Test Date**"). Following the First Margin Test Date, the Incurrence Test shall be tested quarterly on the basis of the Financial Report for the period covered by the relevant Reference Date on the basis of the Compliance Certificate delivered in connection therewith.

### 12.3 Calculation Adjustments

- (a) The figures for EBITDA for the Reference Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Incurrence Test and the Maintenance Test, but adjusted so that:
  - (i) entities acquired or disposed of by the Group during the Reference Period, or after the end of the Reference Period but before the relevant testing date, shall be included or excluded (as applicable), pro forma, for the entire Reference Period;
  - (ii) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, pro forma, for the entire Reference Period (provided that the adjusted EBITDA calculations of the acquired entity shall be verified by a third party finance due diligence provider); and
  - (iii) any increase in value of stock of an acquired entity, which is solely due to the combination of that acquired entity with the Group, shall be disregarded, pro forma, for the entire Reference Period.
- (b) In addition to the above, adjustments to EBITDA included in the investor presentation dated 7 February 2018 relating to the Bonds will be maintained for any Reference Period ending on or before 31 December 2018.

## 13. General Undertakings

### 13.1 General

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

### 13.2 Distributions

- (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 Subsidiary of the Issuer), (ii) repurchase any of its own shares (other than as permitted pursuant to Clause 13.5 (*Disposal of Assets*)), (iii) redeem its share capital or other restricted equity with repayment to shareholders (other than as permitted pursuant to Clause 13.5 (*Disposal of Assets*)), (iv) grant any loans (other than as set out in Clause 13.10 (*Loans Out*)), (v) repay any Subordinated Loans or capitalised or accrued interest thereunder, or (vi) make any other similar distribution or transfers of value to the direct or indirect shareholder of the Issuer, or any Affiliates of the Issuer (other than to the Issuer or a wholly-owned Subsidiary of the Issuer) (items (i)-(vi) above are together and individually referred to as a "**Restricted Payment**").
- (b) Notwithstanding paragraph (a) above, a Restricted Payment may be made by the Issuer:
  - (i) prior to an Equity Listing Event, if at the time of the payment:
    - (A) the Incurrence Test is met (calculated on a pro forma basis including the relevant Restricted Payment); and
    - (B) the aggregate amount of all Restricted Payments of the Group in any fiscal year (including the Restricted Payment in question) does not exceed 25 per cent. of the Group's consolidated net profit for the previous fiscal year; and
    - (C) no Equity Cure has been made at any time; and
  - (ii) after an Equity Listing Event, if at the time of the payment:
    - (A) the Incurrence Test is met (calculated on a pro forma basis including the relevant Restricted Payment); and
    - (B) the aggregate amount of all Restricted Payments of the Group any fiscal year (including the Restricted Payment in question) does not exceed 50 per cent. of the Group's consolidated net profit for the previous fiscal year; and
    - (C) no Equity Cure has been made at any time.



### **13.3 Nature of Business**

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the date when the Net Proceeds from the Initial Bonds are disbursed from the Proceeds Account, if such substantial change would have a Material Adverse Effect.

### **13.4 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 prolong, renew or extend Financial Indebtedness that constitutes Permitted Debt.

### **13.5 Disposal of Assets**

The Issuer shall not, and shall procure that no Group Company will, sell or otherwise dispose of any shares in any Group Company (other than a repurchase of shares or redemption of share capital made by a wholly-owned Subsidiary of the Issuer) or of any substantial assets (including but not limited to material intellectual property rights) or operations to any Person not being the Issuer or any of its wholly-owned Group Companies, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect.

### **13.6 Clean Down Period**

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 any Working Capital Facility, 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.

### **13.7 Dealings with Related Parties**

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

### **13.8 Negative Pledge**

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

### **13.9 Admission to trading**

The Issuer shall use its best efforts to ensure (i) that the Initial Bonds are listed on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain or if the Issuer determines in its reasonable discretion that a different Regulated Market should be preferred, admitted to trading on another Regulated Market, within 12 months of the First Issue Date; (ii) any Subsequent Bonds are listed on the relevant Regulated Market within 60 days after the issuance of such Subsequent Bonds and with an intention to complete such listing within 30 days after the issuance of such Subsequent Bonds

(unless Subsequent Bonds are issued before the date falling 12 months before the First Issue Date in which case such Subsequent Bonds shall be listed within 12 months after the First Issue Date), and (iii) that the Bonds, if admitted to trading on a Regulated 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 the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

### **13.10 Loans Out**

The Issuer shall not, and shall procure that none of its Subsidiaries will, extend any loans in any form to any other party than (i) to other Group Companies, (ii) in the ordinary course of business, (iii) to a company where a Group Company holds a minority interest if such loan is granted on a pro rata basis, and (iv) any other loan in an aggregate outstanding amount not exceeding EUR 1,000,000.

### **13.11 Further Transaction Security**

- (a) The Issuer shall and shall procure that each Group Company will, upon the incurrence of a Material Intra-Group Loan, grant a pledge over that Material Intra-Group Loan as security for all amounts outstanding under the Finance Documents and simultaneously therewith deliver to the Agent (unless previously provided):
  - (i) constitutional documents and corporate resolutions (approving the relevant Security Documents and authorising a signatory/-ies to execute the relevant Security Document) for the relevant security provider, together constituting evidence that the relevant Security Documents have been duly executed;
  - (ii) a legal opinion on the capacity, due execution, in respect of any non-Swedish entity being party to the relevant Security Document, issued by a reputable law firm; and
  - (iii) a legal opinion on the validity and enforceability of any relevant Security Document not governed by Swedish law, issued by a reputable law firm.

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

Each of the events or circumstances set out in this Clause 14 (other than Clause 14.10 (*Acceleration of the Bonds*)) is an Event of Default.

### **14.1 Non-Payment**

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

### **14.2 Maintenance Test**

The Issuer has failed to comply with the Maintenance Test and such failure has not been cured in accordance with the provisions for an Equity Cure.

### 14.3 Other Obligations

A party (other than the Agent) does not comply with its obligations under the Finance Documents, in any other way than as set out in Clause 14.1 (*Non-Payment*) or Clause 14.2 (*Maintenance Test*), provided that the Agent has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within fifteen (15) Business Days from such request (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds due and payable without such prior written request).

### 14.4 Cross-Acceleration

Any Financial Indebtedness of a Group Company is not paid when due as extended by any originally applicable grace period, or is duly and properly 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 the aggregate amount of Financial Indebtedness that has fallen due is less than EUR 1,000,000 and provided that it does not apply to any Financial Indebtedness 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 holders of Bonds) with a view to rescheduling its Financial Indebtedness; or
- (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 sixty (60) days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to Subsidiaries, solvent liquidations) in relation to:

- (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of any 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 in respect of any Group Company.

### 14.7 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.

#### **14.8 Creditors' Process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction which affects any asset or assets of any Group Company having an aggregate value of an amount equal to or exceeding EUR 1,000,000 and is not discharged within sixty (60) days.

#### **14.9 Continuation of the Business**

The Issuer or any other Group Company ceases to carry on its business if such discontinuation is likely to have a Material Adverse Effect.

#### **14.10 Acceleration of the Bonds**

- (a) Upon the occurrence of an Event of Default which is continuing, the Agent is entitled to, and shall following an instruction given pursuant to Clause 14.10(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 14.10(a) by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- (d) If the Bondholders instruct 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) In the event of an acceleration of the Bonds in accordance with this Clause 14.10, the Issuer shall redeem all Bonds at an amount per Bond equal to the redemption amount specified in Clause 9.3 (*Voluntary total redemption (call option)*), as applicable considering when the acceleration occurs, and, for the non-call period (until the First Call Date), the amount set out in Clause 9.3(a)(i).

## 15. Distribution of Proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (*Events of Default and Acceleration of the Bonds*) and any proceeds received from an enforcement of the Transaction Security shall be distributed in the following order of priority, in accordance with the instructions of the Agent and/or the Security Agent:
  - (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 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 21.2(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(c);
  - (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 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).
- (c) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security constitute escrow funds (*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 16 as soon as reasonably practicable.
- (d) 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(c) 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 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) Should the Agent not convene a Bondholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 16(c) being applicable, the Issuer or the Bondholder(s) requesting a decision by the Bondholders may convene such Bondholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer shall upon request provide the convening Bondholder(s) with the information available in the debt register (*skuldbok*) kept by the CSD in respect of the Bonds in order to convene and hold the Bondholders' Meeting or instigate and carry out the Written Procedure, as the case may be.
- (e) Only a Person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a Person who is, registered as a Bondholder:
  - (i) on the Business Day specified in the notice pursuant to Clause 17(c), in respect of a Bondholders' Meeting, or
  - (ii) on the Business Day specified in the communication pursuant to Clause 18(c), in respect of a Written Procedure,

may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.

- (f) 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 60,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Bonds are issued);
  - (ii) waive a breach of or amend an undertaking set out in Clause 13 (*General Undertakings*);
  - (iii) release the security provided under the Security Documents, except in accordance with the Finance Documents;
  - (iv) reduce the principal amount, interest rate or interest amount which shall be paid by the Issuer;
  - (v) amend any payment day for principal or interest amount or waive any breach of a payment undertaking, or
  - (vi) amend the provisions regarding the majority requirements under these Terms and Conditions.
- (g) Any matter not covered by Clause 16(f) 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.
- (h) 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(f) or otherwise at least 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.
- (i) 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(h) shall not apply to such second Bondholders' Meeting or Written Procedure.

- (j) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- (k) 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.
- (l) 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.
- (m) 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.
- (n) 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.
- (o) 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.
- (p) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Group and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **17. Bondholders' Meeting**

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a valid 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 21.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 17(a).
- (c) The notice pursuant to Clause 17(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders), (iv) a specification of the Business Day on which a Person must be registered as a Bondholder in order to be entitled to exercise voting rights and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **18. Written Procedure**

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically in a manner determined by the Agent) no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 18(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the 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(f) and 16(g) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16(f) or 16(g), 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 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.
- (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 on its website in the manner stipulated in Clause 11.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## 20. Parallel Debt

- (a) For the purpose of this Clause 20 (*Parallel Debt*) the "**Corresponding Obligations**" mean all amounts payable by the Issuer to each of the Bondholders (whether present or future and whether actual or contingent) under these Terms and Conditions.
- (b) Notwithstanding any other provision of these Terms and Conditions, for the purpose of ensuring and preserving the enforceability of the Security Documents, the Issuer irrevocably and unconditionally undertakes to pay to the Security Agent, as creditor in its own right and not as representative of the Bondholders, sums equal to and in the currency of the Corresponding Obligations. The payment undertaking of the Issuer under this Clause 20 (*Parallel Debt*) is to be referred to as a "**Parallel Debt**" and such Parallel Debt can, subject to any other forms of evidence, be evidenced in the form of a non-negotiable promissory note (in the form specified in Annex 1 to these Terms and Conditions) issued by the Issuer to the Security Agent provided that the amount of the debt under such promissory note shall at all times not exceed the amount payable by the Issuer under the Corresponding Obligations (the "**Promissory Note**").
- (c) The Security Agent shall have its own separate and independent claim to receive payment of the Parallel Debt from the Issuer.

- (d) The Parallel Debt constitutes an undertaking, obligation and liability to the Security Agent which is separate and independent from, and without prejudice to, the Corresponding Obligations.
- (e) For the avoidance of doubt, the aggregate amount due by the Issuer under the Parallel Debt will be decreased to the extent the Issuer has paid any amounts to the Bondholders under these Terms and Conditions or in the amount the payments have been made by the Security Agent to the Bondholders in case the Security Agent has enforced the Security Document, except to the extent such payment shall have been subsequently avoided or reduced by virtue of provisions or enactments relating to bankruptcy, insolvency, preference, liquidation or similar laws of general application.
- (f) For the avoidance of doubt, to the extent the Issuer has paid any amounts to the Security Agent under the Parallel Debt the Corresponding Obligations will be decreased accordingly, except to the extent such payment shall have been subsequently avoided or reduced by virtue of provisions or enactments relating to bankruptcy, insolvency, preference, liquidation or similar laws of general application.
- (g) To the extent the Security Agent receives any amount in payment of the Parallel Debt following its respective specific written claim made to the Issuer, the Security Agent shall transfer such amount to the Bondholders in accordance with these Terms and Conditions.
- (h) For the purpose of clarification, the Parallel Debt will become due and payable at the same time and to the same extent as the Corresponding Obligations become due and payable.

## **21. Appointment and Replacement of the Agent and the Security Agent**

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

- (a) By subscribing for Bonds, each initial Bondholder 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.
- (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 21.1(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 Agency Agreement 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.

## **21.2 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 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 reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents or (iii) as otherwise agreed between the Agent and the Issuer. Any compensation for damages or other recoveries received by the Agent 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) 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.
- (i) If in the Agent's or the Security Agent's 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.
- (j) 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.
- (k) 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 under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 21.2(i).

### **21.3 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.

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

- (a) Subject to Clause 21.4(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 21.4(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 which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and/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 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 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 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 and acceptance by such successor Agent and/or the successor Security Agent 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 21.4, the Issuer shall execute such documents and take such actions as the new Agent and/or the Security Agent may reasonably require for the purpose of vesting in such new Agent and/or the Security Agent the rights, powers and obligation of the Agent and/or the Security Agent and releasing the retiring Agent and/or the Security Agent from its further obligations under the Finance Documents and the Agency Agreement. 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 Security Agent (as applicable).

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

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

## 23. 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. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Markets Act (*lag (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act (*lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

## 24. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*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 24(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 21.1(c)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 21.2(i), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2(k) before a Bondholder may take any action referred to in Clause 24(a).
- (c) The provisions of Clause 24(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 (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

## 25. 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 (*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.

## 26. Notices and Press Releases

### 26.1 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
  - (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address notified by the Agent to the Issuer from time to time, initially trustee@intertrustgroup.com;
  - (ii) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to such email address notified by the Issuer to the Agent from time to time, initially diana.suprunovica@laumafabrics.com; and
  - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery (to the extent it is possible to deliver by way of courier to the addresses registered with the CSD) or letter for all Bondholders. A Notice to the Bondholders shall also be published on the websites of the Group and 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 (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 26.1(a) or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 26.1(a).
- (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.

### 26.2 Press releases

- (a) After an application to list the Bonds have been submitted, 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(b), 14.10(c), 16(p), 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 26.2(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.

## 27. Force Majeure and Limitation of Liability

- (a) Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 27 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## 28. Governing Law and Jurisdiction

- (a) Save for Clause 20 (*Parallel Debt*) and the Promissory Note, which shall be governed by and construed in accordance with Dutch law, these Terms and Conditions and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- (b) The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*).

## Annex 1

### PROMISSORY NOTE

**European Lingerie Group AB (publ)**,  
registration number: 559135-0136, legal address:  
Norrlandsgatan 16, 111 43 Stockholm, Sweden  
(the "**Debtor**")

hereby unconditionally and irrevocably promises  
to pay to

**Intertrust (Sweden) AB**, registration number:  
556625-5476, legal address: P.O. Box 16285, SE-  
103 25, Stockholm, Sweden (the "**Creditor**"),

EUR 18,000,000 on the following terms and  
conditions:

#### 1. PRINCIPAL AMOUNT AND INTEREST

1.1. The principal amount of the debt is EUR 18,000,000 on the date hereof and may be any other amount as agreed upon between the Debtor and Creditor (the "**Debt**").

1.2. The interest rate shall be 7.75 per cen. per annum.

#### 2. REPAYMENT AND PAYMENT OF INTEREST

2.1. The Debt shall be repaid by the Debtor on the Creditor's demand in part or in full (as demanded).

2.2. The Debtor shall pay the Debt in part or in full (as demanded) within 5 (five) business days after receipt of a respective application from the Creditor.

2.3. Interest shall be calculated on the amount of the Debt by the Creditor and payable as demanded by it. The Debtor shall pay the interest in part or in full (as demanded) within 5 (five) business days after first receipt of a respective application from the Creditor.

#### 3. COLLATERAL

Mortgage over the real estates:

### PARĀDZĪME

**European Lingerie Group AB (publ)**,  
reģistrācijas numurs: 559135-0136, juridiskā  
adrese: Norrlandsgatan 16, 111 43 Stokholma,  
Zviedrija ("**Parādnieks**")

ar šo bez nosacījumiem un neatsaucami apņemas  
samaksāt

**Intertrust (Sweden) AB**, reģistrācijas numurs:  
556625-5476, juridiskā adrese: P.O. Box 16285,  
SE-103 25 Stokholma, Zviedrija ("**Kreditors**"),

EUR 18'000'000, saskaņā ar šādiem noteikumiem  
un nosacījumiem:

#### 1. PAMATSUMMA UN PROCENTI

1.1. Parāda pamatsumma uz šo datumu ir EUR 18'000'000 ("**Parāds**") un, vienojoties starp Parādnieku un Kreditoru, var būt jebkura cita summa.

1.2. Procenti tiek noteikti kā 7.75 procenti gadā.

#### 2. PARĀDA ATMAKSA UN PROCENTU MAKSĀJUMI

2.1. Parāds atmaksājams pēc Kreditora pieprasījuma daļēji vai pilnībā (kā pieprasīts).

2.2. Parādniekam jāatmaksā Parāds pilnībā vai daļēji (kā pieprasīts) 5 (piecu) darba dienu laikā pēc attiecīga Kreditora pieprasījuma saņemšanas.

2.3. Kreditors procentus aprēķina par Parāda summas atlikumu, un tie ir maksājami pēc Kreditora pieprasījuma. Parādniekam jāveic procentu samaksa pilnībā vai daļēji (kā pieprasīts) 5 (piecu) darba dienu laikā pēc attiecīga Kreditora pirmā pieprasījuma saņemšanas.

#### 3. NODROŠINĀJUMS

Hipotēkas uz nekustamajiem īpašumiem:

3.1. Address: Ziemeļu iela 19, Liepāja,  
Liepāja city land registry division No.  
600,

Cadastral number: 1700 011 0026;

3.2. Address: Ziemeļu iela 19A, Liepāja,  
Liepāja city land registry division No.  
2742,

Cadastral number: 1700 511 0025;

3.3. Address: Ziemeļu iela 19, Liepāja,  
Liepāja city land registry division No.  
600 A,

Cadastral number: 1700 511 0026;

(the “Property”).

#### 4. MISCELLANEOUS

4.1. This promissory note is not a negotiable  
instrument.

4.2. This promissory note shall be governed  
by Dutch law.

4.3. The addresses and contacts of the Parties  
are as follows:

##### The Debtor:

European Lingerie Group AB (publ)

Address: Norrlandsgatan 16, 111 43  
Stockholm, Sweden

Phone: +371 28391256

E-mail:  
diana.suprunovica@laumafabrics.com

Attn: Diana Suprunovica

##### The Creditor:

Intertrust (Sweden) AB

Address: P.O. Box 16285, SE-103 25,  
Stockholm, Sweden

Phone: +46 8 402 72 00

E-mail: trustee@intertrustgroup.com

Attn: Trustee

3.1. Adrese: Ziemeļu iela 19, Liepāja,  
Liepājas pilsētas zemesgrāmatas  
nodalījums Nr. 600,

Kadastra numurs: 1700 011 0026;

3.2. Adrese: Ziemeļu iela 19A, Liepāja,  
Liepājas pilsētas zemesgrāmatas  
nodalījums Nr. 2742,

Kadastra numurs: 1700 511 0025;

3.3. Adrese: Ziemeļu iela 19, Liepāja,  
Liepājas pilsētas zemesgrāmatas  
nodalījums Nr. 600 A,

Kadastra numurs: 1700 511 0026;

(“Īpašums”).

#### 4. DAŽĀDI

4.1. Šī parādzīme nav maksāšanas līdzeklis.

4.2. Šai parādzīmei piemērojams Nīderlandes  
Karalistes likums.

4.3. Pušu adreses un kontaktu koordinātes ir  
sekojošas:

##### Parādnieks:

European Lingerie Group AB (publ)

Adrese: Norrlandsgatan 16, 111 43  
Stokholma, Zviedrija

Tālrunis: +371 28391256

E-mail:  
diana.suprunovica@laumafabrics.com

Kam: Diana Suprunovica

##### Kreditors:

Intertrust (Sweden) AB

Adrese: P.O. Box 16285, SE-103 25  
Stokholma, Zviedrija

Tālrunis: +46 8 402 72 00

E-mail: trustee@intertrustgroup.com

Kam: Trustee

Stockholm, \_\_ February 2018

**On behalf of European Lingerie Group AB  
(publ):**

\_\_\_\_\_  
Name:

Title:

**On behalf of  
Intertrust (Sweden) AB:**

\_\_\_\_\_  
Name:

Title:

Stokholma, \_\_ February 2018

**European Lingerie Group AB (publ)  
vārdā:**

\_\_\_\_\_  
Vārds, Uzvārds:

Amats:

**Intertrust (Sweden) AB vārdā:**

\_\_\_\_\_  
Vārds, uzvārds:

Amats:

We hereby certify that the above terms and conditions are binding upon ourselves.

**EUROPEAN LINGERIE GROUP AB (PUBL)**

as Issuer

---

Name:

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

**INTERTRUST (SWEDEN) AB**

as Agent and Security Agent

---

Name:

---

## **ADDRESSES**

### **ISSUER**

#### **European Lingerie Group AB (publ)**

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Tel.: +372 5097147

### **ISSUING AGENT**

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Sweden  
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### **LEGAL COUNSEL**

#### **Roschier Advokatbyrå AB**

Brunkebergstorg 2  
P.O. Box 7358  
SE-103 90 Stockholm  
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### **AGENT**

#### **Intertrust (Sweden) AB**

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### **AUDITOR**

#### **KPMG AB**

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### **CENTRAL SECURITIES DEPOSITORY**

#### **Euroclear Sweden AB**

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Tel.: + 46 8 402 90 00