

sharps

SB Holdco PLC

relating to the listing of

up to EUR 60,000,000 Senior Secured Floating Rate Bonds due 2022

ISIN: NO001 0828098

Paying Agent and Sole Bookrunner

The logo for Pareto Securities features a stylized blue arc above the word "Pareto" in a bold, serif font, with the word "Securities" in a lighter, sans-serif font below it.

Prospectus dated 12 June 2019

IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by SB Holdco PLC (the "**Issuer**", or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, "**Sharps**" or the "**Group**"), a public limited liability company incorporated in England, having its headquarters located at the address, Springvale Park Industrial Estate, Bilston, West Midlands, Wolverhampton, WV14 0QL, United Kingdom, with company number 11436854, 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, company number 556420-8394 ("**Nasdaq Stockholm**"). Pareto Securities AB, company number 556206-8956, 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 (sbholdco.co.uk).

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 75 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

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

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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SUMMARY

This summary is made up of disclosure requirements known as "Sections". These Sections are numbered in sections A–E (A.1–E.7).

This summary contains all the Sections required to be included in a summary for this type of securities and issuer. As some Sections are not required to be addressed, there may be gaps in the numbering sequence of the Sections.

Even though a Section may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Section. In this case a short description of the Section is included in the summary with the mention of "not applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	Introduction and warnings:	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability can only be imposed on those persons who have put forward the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent by the issuer:	Not applicable.
SECTION B – ISSUER AND GUARANTORS		
B.1 B.19	Legal and commercial name:	SB Holdco PLC (the "Issuer"). Sharps Bilston Limited and Sharps Bedrooms Limited (each a "Guarantor" and jointly the "Guarantors" or the "Guarantor Group").
B.2 B.19	Domicile, legal form, legislation and country of incorporation:	The Issuer is a public limited liability company incorporated under the laws of England and Wales at the address, Springvale Park Industrial Estate, Bilston, West Midlands, Wolverhampton, WV14 0QL, United Kingdom. The Guarantors are both private limited liability companies operating under the laws of England and Wales at the same address as the Issuer.
B.4b B.19	Tendencies:	<p>Not applicable for the Issuer. There are no trends known to the Issuer affecting the Group's business. Key structural drivers in respect of the Group for growth in the market for bedroom and home office furniture include in particular:</p> <p>Increasing number of households in the UK The total number of bedrooms in the UK will continue to rise along with households, underpinning market growth.</p> <p>Houses are becoming smaller As UK homes become smaller, efficient storage solutions will become increasingly important. Increasing property prices are causing people to live in multi-generational households, further increasing the demand for space.</p> <p>Increasing 'Do it for me' culture Consumer preferences for convenience are leading to a reduction in 'do it yourself' culture in favour of professional services.</p>
B.5 B.19	Description of the group and the Issuer's position within the group.	<p>The Issuer is wholly owned by SB Topco Limited, a private limited liability company operating under the laws of England and Wales with company number 11436629. The shareholders of SB Topco Limited are (i) HF Group Lux S.à r.l., a private limited liability company operating under the laws of Luxembourg with company number B 127219, and (ii) a group of individuals.</p> <p>The Issuer is the direct parent company of Sharps Bilston Limited, and the indirect parent company of Sharps Bedrooms Limited.</p>
B.9 B.19	Profit forecasts:	Not applicable. The Prospectus contains no profit/loss forecast.
B.10 B.19	Complaints in the auditor's report:	Not applicable. There are no remarks in the auditor's reports.

B.12 B.19	Selected historical financial information:	<p>The Group</p> <p>The information below is derived from the Group's unaudited interim report for the period 31 December 2018 to 31 March 2019 (with the Issuer as parent).</p> <p>No material adverse change to the Group's financial position or market position has occurred since the date of the Group's latest audited accounts.</p> <p><u>Consolidated and Company Statement of Comprehensive income</u></p> <table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="4">Group</th> <th colspan="2">Company</th> </tr> <tr> <th>Q2 2019</th> <th>Q2 2018</th> <th>YTD 2019</th> <th>YTD 2018</th> <th>Q2 2019</th> <th>YTD 2019</th> </tr> <tr> <th>£'000</th> <th>£'000</th> <th>£'000</th> <th>£'000</th> <th>£'000</th> <th>£'000</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td>27,070</td> <td>26,617</td> <td>50,757</td> <td>50,247</td> <td>-</td> <td>-</td> </tr> <tr> <td>Cost of sales</td> <td>(14,489)</td> <td>(14,290)</td> 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	Current liabilities						
	Trade and other payables	3,112	5,296	-			
	Amounts owed to related parties	3,111	3,111	8,000			
	Current tax liabilities	347	698	-			
	Other current liabilities	15,188	13,086	635			
		21,758	22,191	8,635			
	Net current liabilities	(4,556)	(6,157)	(7,282)			
	Total assets less current liabilities	2,811	1,483	68,618			
	Non-current liabilities						
	Interest bearing loans and borrowings	34,841	35,306	34,841			
	Provisions	2,398	2,347	-			
		37,239	37,653	34,841			
	Capital and reserves						
	Share capital	106	106	106			
	Retained earnings	21,218	19,476	(1,484)			
	Other reserves	(55,752)	(55,752)	35,155			
	Equity attributable to owners of the parent	(34,428)	(36,170)	33,777			
	Total equity	(34,428)	(36,170)	33,777			
	Total equity and non-current liabilities	2,811	1,483	68,618			
	Consolidated and Company Cash Flow Statement						
		Group				Company	
		Q2	YTD	YTD	Q2	Q2	
		2019	2019	2018	2019	2018	
		£'000	£'000	£'000	£'000	£'000	
	Cash flows from operating activities						
	Profit/(loss) before tax	3,098	1,852	2,150	1,919	799	
	Adjustments for:						
	Net finance costs	(862)	419	521	847	(822)	
	Depreciation of property, plant and equipment	265	297	547	592	-	
		2,501	2,568	3,218	3,358	(23)	
	Increase in inventories	(106)	(5)	(217)	(17)	-	
	Decrease in trade and other receivables	205	353	1,431	1,192	1	
	Increase/(decrease) in trade and other payables	1,271	677	(182)	272	-	
	Movement in provisions and accruals	2,993	2,422	1,541	876	(30)	
	Movement in related parties balances	-	-	-	-	782	
	Cash used in working capital	4,363	3,447	2,573	2,323	753	
	Income taxes paid	(352)	(491)	(760)	(811)	-	
	Net cash flow generated from operating activities	6,512	5,524	5,031	4,870	730	
	Cash flows from investing activities						
	Payments to acquire property, plant and equipment	(178)	(145)	(273)	(165)	-	
	Net cash used in investing activities	(178)	(145)	(273)	(165)	0	

Cash flows from financing activities						
Movement in related party balances	-	-	-	-	740	1,495
Bond notes issued	593	-	593	-	593	593
Issue costs	(89)	-	(89)	-	(89)	(89)
Loan repayments	-	(550)	-	(1,100)	-	-
Interest paid	(745)	(367)	(1,500)	(745)	(745)	1,500
Interest received	5	-	5	-	5	5
Net cash used in financing activities	(236)	(917)	(991)	(1,845)	504	504
Net increase in cash and cash equivalents	6,098	4,462	3,767	2,860	1,234	1,304
Effect of exchange rate fluctuations on cash and cash equivalents	(8)	-	(17)	-	(8)	(17)
Net increase in cash and cash equivalents after effects of exchange rate fluctuations	6,090	4,462	3,750	2,860	1,226	1,287
Cash and cash equivalents at 30 December 2018/ 30 September 2018	4,945	16,383	7,285	17,985	75	14
Cash and cash equivalents at 31 March 2019	11,035	20,845	11,035	20,845	1,301	1,301
The information below is derived from the Group's unaudited interim report for the period 1 October 2018 to 30 December 2018 (with the Issuer as parent).						
<u>Consolidated and Company Statement of Comprehensive income</u>						
	Group			Company		
	Q1 2019	Q1 2018	2017-18	G1 2019		
	£'000	£'000	£'000	£'000		
Turnover	23,687	23,630	102,828	-		
Cost of sales	(13,085)	(13,049)	(54,905)	-		
Gross profit	10,602	10,581	47,923	-		
Administrative expenses	(10,167)	(10,086)	(37,127)	-		
EBITDA before management fees and exceptional costs	826	810	12,076	-		
Depreciation	(282)	(295)	(1,170)	-		
Management fees and exceptional costs	(109)	(20)	(110)	-		
Operating profit	435	495	10,796	-		
Interest payable and other finance costs	(1,383)	(428)	(1,718)	(1,427)		
(Loss)/profit on ordinary activities before taxation	(948)	67	9,078	(1,427)		
Taxation on (loss)/ profit on ordinary activities	180	(13)	(1,612)	-		
(Loss)/profit on ordinary activities after taxation	(768)	54	7,466	(1,427)		
Total comprehensive (loss)/income for the financial period attributable to the owners of the parent	(768)	54	7,466	(1,427)		
<u>Consolidated and Company Balance Sheet as at 30 December 2018</u>						
	Group			Company		
	30 Dec 2018	30 Sep 2018	30 Dec 2018			
	£'000	£'000	£'000			
Non-current assets						

Property, plant and equipment	2,510	2,696	-
Intangible assets	4,349	4,349	-
Investments in subsidiaries	-	-	75,900
Deferred tax asset	595	595	-
	<u>7,454</u>	<u>7,640</u>	<u>75,900</u>
Current assets			
Trade and other receivables	352	454	-
Cash and cash equivalents	4,945	7,285	75
Inventories	1,671	1,560	-
Amounts owed from related parties	50	50	50
Other current assets	<u>4,194</u>	<u>6,685</u>	<u>4</u>
	11,212	16,034	129
Total assets	<u>18,666</u>	<u>23,674</u>	<u>76,029</u>
Current liabilities			
Trade and other payables	3,182	5,296	-
Amounts owed to related parties	3,111	3,111	6,478
Current tax liabilities	132	698	-
Other current liabilities	<u>10,931</u>	<u>13,086</u>	<u>698</u>
	17,356	22,191	7,176
Net current liabilities	(6,144)	(6,157)	(7,047)
Total assets less current liabilities	<u>1,310</u>	<u>1,483</u>	<u>68,853</u>
Non-current liabilities			
Interest bearing loans and borrowings	35,875	35,306	35,875
Provisions	<u>2,373</u>	<u>2,347</u>	<u>-</u>
	38,248	37,653	35,875
Capital and reserves			
Share capital	106	106	106
Retained earnings	18,708	19,476	(2,283)
Other reserves	<u>(55,752)</u>	<u>(55,752)</u>	<u>35,155</u>
Equity attributable to owners of the parent	(36,938)	(36,170)	32,978
Total equity	(36,938)	(36,170)	32,978
Total equity and non-current liabilities	<u>1,310</u>	<u>1,483</u>	<u>68,853</u>
<u>Consolidated and Company Cash Flow Statement</u>			
	Group		Company
	Q1 2019	Q1 2018	Q1 2019
	£'000	£'000	£'000
Cash flows from operating activities			
(Loss)/profit before tax	(948)	67	(1,427)
Adjustments for:			
Net finance costs	1,383	428	1,368
Depreciation of property, plant and equipment	<u>282</u>	<u>295</u>	<u>-</u>
	717	790	(59)
(Increase) in inventories	(111)	(12)	-
Decrease in trade and other receivables	1,226	839	1
(Decrease) in trade and other payables	(1,453)	(405)	-

Movement in provisions and accruals	(1,452)	(1,546)	(312)
Movement in related parties balances	-	-	440
Cash used in working capital	(1,790)	(1,124)	129
Income taxes paid	(408)	(320)	-
Net cash flow generated from operating activities	(1,481)	(654)	70
Cash flows from investing activities			
Payments to acquire property, plant and equipment	(95)	(20)	-
Net cash used in investing activities	(95)	(20)	0
Cash flows from financing activities			
Movement in related party balances	-	-	755
Loan repayments	-	(550)	
Interest paid	(755)	(378)	(755)
Net cash used in financing activities	(755)	(928)	0
Net increase/(decrease) in cash and cash equivalents	(2,331)	(1,602)	70
Effect of exchange rate fluctuations on cash and cash equivalents	(9)	-	(9)
Net increase in cash and cash equivalents after effects of exchange rate fluctuations	(2,340)	(1,602)	61
Cash and cash equivalents at 30 September 2018	7,285	17,985	14
Cash and cash equivalents at 30 December 2018	4,945	16,383	75
<p>The information below is derived from the Group's consolidated audited financial statements for 2018 including figures from 2017 and 2018 (with the Issuer as parent), which are prepared according to International Financial Reporting Standards as adopted by the European Union ("IFRS"). The summaries set out below have not been specifically reviewed by the Issuer's auditor.</p> <p>No material adverse change to the Group's financial position or market position has occurred since the date of the Group's latest audited accounts.</p> <p><u>Consolidated Statement of Comprehensive income for the period 2 October 2017 to 30 September 2018</u></p>			
		Period 2 October 2017 to 30 September 2018 £000	Period 3 October 2016 to 1 October 2017 £000
Turnover		102,828	95,247
Cost of sales		(54,905)	(51,501)

Gross profit	47,923	43,746
Other operating expenses	(37,127)	(34,601)
EBITDA before management fees and exceptional costs	12,076	11,228
Depreciation and loss on disposal of fixed assets	(1,170)	(1,152)
Management fees and exception costs	(110)	(931)
Operating profit	10,796	9,145
Interest payable and financing costs	(1,718)	(1,803)
Profit on ordinary activities before taxation	9,078	7,342
Taxation on profit on ordinary activities	(1,612)	(1,605)
Profit on ordinary activities after taxation	7,466	5,737
Total comprehensive income for the financial period attributable to the owners of the parent	7,466	5,737
Consolidated and Company Balance Sheets as at 30 September 2018		
	Group	Company
30 September	1	2
2018	October	October
	2017	2016
£000	£000	£000
		30 September
		2018
		£000
Non-current assets		
Property, plant and equipment	2,696	3,570
Intangible assets	4,349	4,349
Investments in subsidi	-	-
Deferred tax asset	595	619
	7,640	8,538
		7,055
		75,900
		-
Current assets		
Trade and other receivables	454	416
Amounts owed by related parties	50	-
Cash and cash equivalents	7,285	17,986
Inventories	1,560	1,607
Prepayments	5,085	5,220
Other current assets	1,600	1,600
	16,034	26,829
		20,020
		69
Total assets	23,674	35,367
		27,075
		75,969
Current liabilities		
Trade and other payables	5,269	4,984
Amounts owed to related parties	3,111	-
Interest bearing loans and borrowings	-	2,200
Income tax payable	698	809
Other current liabilities	13,086	13,842
	22,191	21,835
		17,835
		6,258
Net current (liabilities)/assets	(6,157)	4,994
		2,185
		(6,189)

Total assets less current liabilities	1,483	13,532	9,240	69,780
Non-current liabilities				
Interest bearing loans	35,306	14,292	16,285	35,306
Provisions	2,347	2,237	1,689	-
	37,653	16,529	17,974	35,306
Capital and reserves				
Share capital	106	-	-	106
Retained earnings	19,476	12,010	6,273	(856)
Other reserve	(55,752)	(15,007)	(15,007)	35,155
Equity attributable to owners of the parent	(36,170)	(2,997)	(8,734)	34,405
Total equity	(36,170)	(2,997)	(8,734)	34,405
Total equity and non-current liabilities	1,483	13,532	9,240	69,711
<u>Consolidated and Company Statement of Cashflows for the period 2 October 2017 to 30 September 2018</u>				
	Group		Company	
	Period 2 October 2017 to 30 September 2018	Period 3 October 2016 to 1 October 2017	Period 27 June to 30 September 2018	
	£000	£000	£000	
Cash flow from operating activities				
Profit/(loss) for the financial period after tax	7,466	5,737	(856)	
Adjustments for:				
Net finance costs	1,522	1,803	618	
Taxation	1,612	1,605	-	
Depreciation	1,170	1,146	-	
Loss on disposal of fixed assets	-	6	-	
Decrease in stocks	47	56	-	
(Decrease)/(increase) in debtors	40	(1,579)	(5)	
(Decrease)/(increase) in creditors	(3,737)	3,117	-	
Increase in related party balances	-	-	166	
Increase in provisions	2,423	548	42	
Cash from operations	10,543	12,439	(35)	
Income taxes paid	(1,699)	(1,253)	-	
Net cash generated from operating activities	8,844	11,186	(35)	
Cash flows from investing activities				

Proceeds from the sale of tangible assets	-	52	-
Purchases of tangible assets	(298)	(2,804)	-
Net cash used in investing activities	(298)	(2,752)	-
Cash flows from financing activities			
Bond notes issued	35,565	-	35,565
Repayment of loan notes	(37,578)	-	(37,578)
Repayment of bank loans	(16,492)	(1,600)	-
Cash received from related parties	-	-	2,006
Interest paid	(798)	(1,594)	-
Net cash used in financing activities	(19,303)	(3,194)	(7)
Net (decrease)/increase in cash and cash equivalents	(10,757)	5,240	(42)
Effect of exchange rate fluctuations on cash and cash equivalents	56	-	56
Net (decrease)/increase in cash and cash equivalents after exchange rate Impact	(10,701)	5,240	14
Cash and cash equivalents at the beginning of the period	17,986	12,746	-
Cash and cash equivalents at the end of the period	7,285	17,986	14
The Guarantors			
Sharps Bilston Limited			
The information below is derived from the Guarantor Group's consolidated audited financial statements for 2018 including figures from 2017 and 2018 (with Sharps Bilston Limited as parent), which are prepared according to IFRS. The summaries set out below have not been specifically reviewed by Sharps Bilston Limited's auditor.			
No material adverse change to the Guarantor Group's financial position or market position has occurred since the date of the Guarantor Group's latest audited accounts.			
<u>Consolidated Statement of Comprehensive income for the period 2 October 2017 to 20 September 2018</u>			
	Period 2	Period 3	
	October 2017	October	
	to 30	2016 to 1	
	September	October	
	2018	2017	
	£000	£000	
Turnover	102,828	95,247	
Cost of sales	(54,905)	(51,501)	
Gross profits	47,923	43,746	
Other operating expenses	(37,085)	(34,601)	
EBITDA before management fees and exceptional costs	12,118	11,228	
Depreciation and loss on disposal of fixed assets	(1,170)	(1,152)	

Management fees and exceptional costs	(110)	(931)	
Operating profit	10,838	9,145	
Interest payable and financing costs	(904)	(1,803)	
Profit on ordinary activities before taxation	9,934	7,342	
Taxation on profit on ordinary activities	(1,612)	(1,605)	
Profit on ordinary activities after taxation	<u>8 322</u>	<u>5 737</u>	
Total comprehensive income for the financial period attributable to the owners of the parent	<u>8 322</u>	<u>5 737</u>	
Consolidated Balance Sheets as at 30 September 2018			
	30 September 2018	1 October 2017	2 October 2016
	£000	£000	£000
Non-current assets			
Property, plant and equipment	2,696	3,570	1,970
Intangible assets	4,349	4,349	4,349
Deferred tax asset	595	619	736
	<u>7,640</u>	<u>85,38</u>	<u>7,055</u>
Current assets			
Trade and other receivables	456	359	408
Amounts owed by related parties	2,172	-	-
Cash and cash equivalents	7,271	17,986	12,746
Inventories	1,560	1,607	1,663
Prepayments	5,080	5,220	5,203
Other current assets	1,600	1,600	-
	<u>18,138</u>	<u>26,772</u>	<u>20,020</u>
Total assets	<u>25,778</u>	<u>35,310</u>	<u>27,075</u>
Current liabilities			
Trade and other payables	5,296	4,984	4,361
Interest bearing loans and borrowings	-	2,200	1,600
Income tax payable	698	809	574
Other current liabilities	12,112	13,842	11,300
	<u>18,106</u>	<u>21,835</u>	<u>17,835</u>
Net current assets	<u>32</u>	<u>4,937</u>	<u>2,185</u>
Total assets less current liabilities	<u>7,672</u>	<u>13,532</u>	<u>9,240</u>
Non-current liabilities			
Interest bearing loans and borrowings	-	14,292	16,285
Provisions	2,237	2,237	1,669
	<u>2,347</u>	<u>16,529</u>	<u>17,974</u>

	Capital and reserves				
	Share capital	-	-	-	
	Share premium	8,320	8,320	8,320	
	Merger reserve	(23,327)	(23,327)	(23,327)	
	Retained earnings	20,332	12,010	6,273	
	Equity attributable to owners of the parent	5,325	(2,997)	(8,734)	
	Total equity	5,325	(2,997)	(8,734)	
	Total equity and non.current liabilities	7,672	13,532	9,240	
	<u>Company Balance Sheets as at 30 September 2018</u>				
		30 September 2018	1 October 2017	2 October 2016	
		£000	£000	£000	
	Non-current assets				
	Investment in subsidiaries	23,327	23,327	23,327	
	Total assets	23,327	23,327	23,327	
	Current liabilities				
	Amounts owed to related parties	18,488	5,386	2,879	
	Interest bearing loans and borrowings	-	1,657	1,205	
	Other current liabilities	-	4	7	
		18,488	7,047	4,091	
	Net current liabilities	18,488	7,047	4,091	
	Total assets less current liabilities	4,839	16,280	19,236	
	Non-current liabilities				
	Interest bearing loans and borrowings	-	10,843	12,500	
		-	10,843	12,500	
	Capital and reserves				
	Share capital	-	-	-	
	Share premium	8,320	8,320	8,320	
	Retained earnings	(3,481)	(2,883)	(1,584)	
	Equity attributable to owners of the parent	4,839	5,437	6,736	
	Total equity	4,839	5,437	6,736	
	Total equity and non.current liabilities	4,839	16,280	19,238	
	<u>Consolidated and Company Statement of Cashflows for the period 2 October 2017 to 30 September 2018</u>				
		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
	Cash flows from operating activities				
	Profit/(loss) for the financial period after tax	8,322	5,737	(598)	(1,299)
	Adjustments for:				
	Net finance costs	904	1,803	598	1,299
	Taxation	1,612	1,605	-	-

Depreciation	1,170	1,146	-	-
Loss on disposal of fixed assets	-	6	-	-
Decrease in stocks	47	56	-	-
Decrease/(increase) in debtors	45	(1,579)	-	-
(Decrease)/increase in creditors	(3,737)	3,117	-	-
Increase in related party balances	(2,172)	-	-	-
Increase in provisions	2,381	548	-	-
Cash from operations	8,572	12,439	-	-
Income taxes paid	(1,699)	(1,253)	-	-
Net cash flow generated from operating activities	6,873	11,186	-	-
Cash flows from investing activities				
Proceeds from the sale of tangible assets	-	52	-	-
Purchases of tangible assets	(298)	(2,804)	-	-
Net cash used in investing activities	(298)	(2,752)	-	-
Cash flows from financing activities				
Repayment of bank loans	(16,492)	(1,600)	-	-
Interest paid	(798)	(1,594)	-	-
Net cash used in financing activities	(17,290)	(3,194)	-	-
Net (decrease)/increase in cash and cash equivalents	(10,715)	5,240	-	-
Cash and cash equivalents at the beginning of the period	17,986	12,746	-	-
Cash and cash equivalents at the end of the period	7,271	17,986	-	-
Sharps Bedrooms Limited				
The information below is derived from Sharps Bedrooms Limited's audited financial statements for 2018 including figures from 2017 and 2018, which are prepared according to Generally Accepted Accounting Principles in the UK ("UK GAAP"). The summaries set out below have not been specifically reviewed by Sharps Bedrooms Limited's auditor.				
No material adverse change to Sharps Bedrooms Limited's financial position or market position has occurred since the date of Sharps Bedrooms Limited's latest audited accounts.				
<u>Statement of Comprehensive Income for the period 2 October 2017 to 30 September 2018</u>				
		2 October 2017 to 30 September 2018	3 October 2016 to 1 October 2017	
		£000	£000	
Turnover		102,828	95,247	
Cost of sales		(54,905)	(51,501)	
Gross profit		47,923	43,746	
Administrative expenses		(37,085)	(34,601)	
EBITDA before management fees and exceptional costs		12,118	11,228	

Depreciation and loss on disposal of fixed assets	(1,170)	(1,152)
Management fees and exceptional costs	(110)	(931)
Operating profit	10,838	9,145
Finance costs	(197)	(298)
Profit on ordinary activities before taxation	10,641	8,847
Income tax expense	(1,612)	(1,605)
Profit on ordinary activities after taxation	9,029	7,242
Total comprehensive income for the financial period attributable to owners of the parent	9,029	7,242
<u>Balance Sheet as at 30 September 2018</u>		
	2018	2017
	£000	£000
Non-current assets		
Property, plant and equipment	2,696	3,570
Intangible assets	4,349	4,349
Amounts owed by related parties	20,660	5,361
Deferred tax asset	595	619
	<u>28,300</u>	<u>13,919</u>
Current assets		
Trade and other receivables	5,535	5,579
Other current assets	1,600	1,600
Cash and cash equivalents	7,271	17,986
Inventories	1,560	1,607
	<u>15,966</u>	<u>26,772</u>
Total assets	44,266	40,691
Current liabilities		
Trade and other payables	5,297	4,984
Interest bearing loans and borrowings	-	543
Current tax liabilities	698	809
Other current liabilities	12,111	13,777
	<u>18,106</u>	<u>20,113</u>
Net current liabilities	(2,140)	6,659
Total assets less current liabilities	26,160	20,678
Non-current liabilities		
Interest bearing loans and borrowings	-	3,557
Provisions	2,347	2,237
	<u>2,347</u>	<u>5,794</u>
Capital and reserves		
Share capital	-	-
Share Premium	1	1
Retained earnings	23,812	14,783

		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Equity attributable to owners of the parent</td> <td style="width: 20%; text-align: right;">23,813</td> <td style="width: 20%; text-align: right;">14,784</td> </tr> <tr> <td>Total equity</td> <td style="text-align: right;">23,813</td> <td style="text-align: right;">14,784</td> </tr> <tr> <td>Total equity and non-current liabilities</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">26,160</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">20,578</td> </tr> </table>	Equity attributable to owners of the parent	23,813	14,784	Total equity	23,813	14,784	Total equity and non-current liabilities	26,160	20,578
Equity attributable to owners of the parent	23,813	14,784									
Total equity	23,813	14,784									
Total equity and non-current liabilities	26,160	20,578									
B.13 B.19	Events that affect solvency:	No events have recently occurred which could have a material impact on the assessment of the Group's solvency.									
B.14 B.19	Dependency on subsidiaries	A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries (being the Guarantors). The Group is thus dependent upon receipt of sufficient income and cash flow related to the operations of the Issuer's subsidiaries in order for the Issuer to be able to fulfil its payment obligations under the Bonds. Consequently, the Issuer is dependent on its subsidiaries' availability of cash and their legal ability to make necessary transfers which may from time to time be restricted by corporate restrictions and law.									
B.15 B.19	Primary operations:	The Group is a dynamic vertically integrated bedroom furniture and home office furniture group. The Group conducts full-service business within the bedroom and home office furniture market segments.									
B.16 B.19	Direct or indirect owner:	<p>The Issuer is wholly-owned by SB Topco Limited, a private limited liability company operating under the laws of England and Wales with company number 11436629. The shareholders of SB Topco Limited are (i) HF Group Lux S.à r.l., a private limited liability company operating under the laws of Luxembourg with company number B 127219, and (ii) a group of individuals.</p> <p>Sharps Bilston Limited is wholly-owned by the Issuer. Sharps Bedrooms Limited is wholly-owned by Sharps Bilston Limited.</p>									
B.17 B.19	Credit ratings:	No credit rating has been applied for nor assigned to the Issuer or its debt securities.									
B.18	Nature and scope of guarantee:	<p>Pursuant to a guarantee and adherence agreement, the Guarantors have agreed to jointly and severally guarantee the Group's obligations as follows:</p> <ul style="list-style-type: none"> • the full and punctual payment and performance of all Secured Obligations, including all payment of principal of, and premium, if any, and interest under the Senior Finance Documents (as defined in the Guarantee and Adherence Agreement) when due, whether at maturity, by acceleration, by redemption or otherwise, and interest on any such obligation which is overdue, and of all other monetary obligations of the Issuer or Guarantors to the Secured Parties under the Senior Finance Documents (as defined in the Guarantee and Adherence Agreement); • to indemnify each Secured Party against any loss incurred by such Secured Party arising out of the non-payment, invalidity or unenforceability of the Secured Obligations, in each case, all in accordance with the Senior Finance Documents; and • the Secured Obligations may be extended or renewed or refinanced, in whole or in part, without notice or further assent from the Guarantor and that the Guarantor will remain bound under the Guarantee and Adherence Agreement notwithstanding any extension or renewal or refinancing of any Secured Obligation. <p>The Guarantees are subject to the Senior Finance Documents and certain limitations imposed by local law requirements in certain jurisdictions.</p>									
SECTION C – SECURITIES NOTE											
C.1	Securities offered	Up to EUR 60,000,000 bonds due 2022 with denomination EUR 1.00 per Bond and ISIN: NO001 0828098. The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer.									
C.2	Currency:	EUR.									
C.5	Transferability Restrictions:	The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.									

		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.
C.8	Rights attached to the securities, including ranking and limitations of rights:	<p>The Bonds are debt instruments under the Swedish Financial Instruments Accounts Act (1998:1479). The Bonds carry the right to repayment of the nominal amount and interest on the relevant due date.</p> <p>The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer, and:</p> <ul style="list-style-type: none"> • will at all times rank <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer subject to the priority ranking of any Super Senior RCF (as defined in the Terms and Conditions) and except for those obligations which are mandatorily preferred by law, and without any preference among them; • are guaranteed by the Guarantors; • 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 that are not Guarantors, including obligations to trade creditors.
C.9	Rights attached to the securities, including the nominal interest rate, starting date for the interest calculation, interest due dates, any base interest rate, maturity, yield and any representatives of debenture holders:	<ul style="list-style-type: none"> • <i>Interest Rate</i>: the Bonds carry interest at a floating rate of EURIBOR (3 months) plus 8.00 per cent. per annum. Should EURIBOR be less than zero (0), EURIBOR shall be deemed to be zero (0). • <i>Interest Payment Dates</i>: 13 January, 13 April, 13 July and 13 October of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 13 October 2018 and the last Interest Payment Date shall be the relevant Redemption Date. • <i>Amortisation</i>: during the term of the Bonds, no scheduled amortisation will be made. Issuer may make partial redemptions of Bonds in an amount per fiscal year corresponding to a maximum of five (5) per cent. of the aggregate Nominal Amount as of the First Issue Date. • <i>Maturity</i>: the final maturity date is 13 July 2022. • <i>Representative of the holders</i>: Nordic Trustee & Agency AB (publ), Swedish company number 556882-1879.
C.10	Information on interest payments based on derivative components:	Not applicable. The interest rate is not based on any derivative components.
C.11	Admission to trading:	<p>The Issuer shall ensure (i) that the Initial Bonds are listed on the corporate bond list of Nasdaq Stockholm, within 12 months of the First Issue Date; (ii) any Subsequent Bonds are listed on the corporate bond list of Nasdaq Stockholm 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 after 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 the corporate bond list of Nasdaq Stockholm, continue being listed thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds.</p> <p>In addition, the Bonds are listed on the Open Market of the Frankfurt Stock Exchange and the Issuer shall procure that the Bonds remain listed on such exchange until the Bonds have been redeemed in full.</p>
SECTION D – RISKS		
D2	Key risks specific to the Group and its industry:	<i>Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Issuer and the Group. The risks presented herein are not exhaustive, and other risks not discussed herein, not currently known or not currently</i>

	<p><i>considered to be material may also affect the Group's future operations, performance and financial position, and consequently the Issuer's ability to meet its obligations under the Terms and Conditions. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this section and make an independent evaluation before making an investment in the Bonds.</i></p> <p><i>Competitive landscape</i></p> <p>The Group has a number of competitors offering freestanding, carcass-based fitted, and bespoke fitted furniture. There is a risk that the number of competitors in the market increases and that such an increase in competition will lead to higher costs associated with obtaining new customers as well as retaining current customers. The Group's ability to compete also depends upon the Group's ability to anticipate future market changes and trends and to rapidly react to existing and future market needs. If the Group fails to meet the competition from new and existing companies or fails to react to market changes or trends, it will have an adverse effect on the Group's business, financial position and result of operation.</p> <p><i>Quality issues and negative publicity</i></p> <p>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, which would have an adverse effect on the Group's business, financial position and result of operation.</p> <p>Product safety or quality issues, actual or perceived, or allegations of any of the Group's products having caused adverse effects on a consumer, 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 the market in which the affected product was distributed. There is a risk that such claims or recalls would adversely affect the Group's business, brand image, financial position and result of operation. In addition, adverse publicity regarding 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. There is a risk that 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 an adverse effect on the Group's business, financial position and result of operation, as well as require additional resources to rebuild the Group's reputation.</p> <p><i>Risk relating to self-employed fitters</i></p> <p>The Group is dependent on the knowledge, experience and commitment of its self-employed fitters to provide quality work. There is a risk that the Group is unable to keep or replace certain of its self-employed fitters with other self-employed fitters to the extent the Group wish or need. There is also a risk that such new self-employed fitters will lack experience or are unable to provide the expected level of quality installations. There is a risk that the Group fails to sufficiently keep, replace or recruit new self-employed fitters, or if such self-employed fitters lack in experience and knowledge, which would have an adverse effect on the Group's business, earnings and financial position.</p> <p><i>Consumer behaviour</i></p> <p>Sales of the Group's products are dependent upon the purchasing power and patterns of its end consumers. There is a risk that changes in customers' strategies or purchasing patterns will adversely affect the Group's net sales. The willingness of consumers to purchase the Group's products may decrease due to external factors, such as a general downturn in the economy. If the willingness of end consumers to buy the Group's products decreases, it will have an adverse effect on the Group's business, financial position and result of operation.</p> <p><i>Improper pricing and rising costs</i></p> <p>Should the Group incorrectly price the products and services provided to its customers or be unable to maintain or increase prices in response to competitive pressures, there is a risk that this will affect the turnover, financial position and earnings of the Group.</p>
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		<p>Moreover, there is a risk that the Group will be unable to keep its costs at levels required to sustain profitable operations. The Group is exposed to the risk of prices being increased by its suppliers. If the Group were to be unable to pass any such increase in purchasing costs further on to its customers, or if the Group were to be unable to increase sales volumes to offset rising purchasing costs, the Group's business, financial condition and results of operations would be adversely affected.</p> <p>Risk related to suppliers</p> <p>The manufacture of the Group's products is dependent upon the supply of quality raw materials. Thus, the Group's ability to service its customers depends on the availability and timely supply of products from suppliers. The Group has longstanding relations with its suppliers, with eight of the Group's top ten suppliers having been with the Group for more than eight years.</p> <p>The Group is to some extent dependent on its suppliers and there is a risk that the Group is unable to keep or replace certain of its suppliers with other suppliers that deliver high quality raw materials in a timely manner followed by disruption in supply chain caused by transportation disruptions, delays or increased expenses, labour strikes, product recalls or other unforeseen events. Should the Group be unable to replace a supplier or experience temporary supply problems, or were any supplier to terminate a contract or materially change the key terms of a contract, there is a risk that this would have an adverse effect on the Group's output and sales which in turn would have an adverse effect on the Group's business, financial position and result of operation.</p>
D.3	Key risks specific to the securities:	<p>Refinancing risk</p> <p>There is a risk that the Issuer will be required to refinance some or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt depends on, among other things, conditions of debt capital markets and its financial condition at such time. Even if debt capital markets are open, there is a risk that the Issuer will not have access to financing 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 an adverse effect on the Group's business, financial position and result of operation and on the bondholders' recovery under the Bonds.</p> <p>The market price of the Bonds may be volatile</p> <p>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, 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 have an adverse effect on the market price of the Bonds without regard to the Group's operating results, financial condition or prospects.</p> <p>Risks relating to enforcement of the transaction security</p> <p>If a subsidiary is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, there is a risk that the secured assets would then have limited value because all of the subsidiary's obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for bondholders to claim. As a result, there is a risk that bondholders will not recover the full value (or any value in the case of an enforcement sale) of the shares. In addition, there is a risk that the value of the secured assets will decline over time.</p> <p>If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the bondholders will only have an unsecured claim against the Issuer and its remaining assets (if any) for the amounts which remain outstanding under or in respect of the Bonds.</p> <p>Risks relating to the guarantees</p> <p>Although the Group's obligations towards the bondholders under the Bonds to a limited extent will be guaranteed, there is risk that any enforcement of claims under the guarantees would be insufficient to satisfy all amounts owed to the bondholders at the time of enforcement. Furthermore, guarantors are not restricted from granting any additional</p>

		<p>guarantees. If the guarantors were to guarantee any other obligations, there is a risk that guarantees granted towards the current bondholders would be impaired.</p> <p>If the Issuer were to be unable to make repayment under the Bonds, there is a risk that the bondholders would find it difficult or impossible to recover the amounts owed to them under the Bonds. There is a risk that the guarantees granted in respect of the Bonds will be insufficient in respect of any of the Issuer's obligations under the Bonds in the event the Issuer becomes insolvent.</p> <p>There is a risk that guarantees granted under the Bonds could be unenforceable or that enforcement of the claims under the guarantees could be delayed according to Swedish law or any other applicable laws. Should claims be unenforceable, delayed or subject to a certain degree of uncertainty, there is a risk that this would have an adverse effect on the likelihood of the bondholders receiving the amounts owed to them under the Bonds.</p> <p><i>The Issuer is dependent on its subsidiaries</i></p> <p>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 and ownership of the subsidiaries to enable it to make payments under the Bonds. Consequently, the Issuer is dependent upon 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. The subsidiaries are further legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. Should the Issuer not receive sufficient income from its subsidiaries, by way of dividends or value transfer from one or more subsidiary, there is a risk that the Issuer will be unable to service its payment obligations under the Bonds and subsequently adversely affect bondholders' ability to receive payment under the Bonds will be adversely affected.</p> <p>The Group or its assets may not be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.</p>
SECTION E – OFFER		
E.2b	Net proceeds and expenses	The proceeds, less the costs and expenses incurred by the Issuer in connection with the issue, shall be used to (i) repay the Vendor Loan, and (ii) finance Transaction Costs.
E.3	Terms and conditions of the offer:	Not applicable. The issue of Bonds did not constitute an offer.
E.4	Interests and conflicts of interest:	Not applicable. There are no material interests or conflict of interests.
E.7	Costs for investors:	Not applicable. No expenses will be charged to the investor.

RISK FACTORS

Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Group. If any of these risks or uncertainties actually occurs, the business, operating results and financial position 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 payment of interest and repayment of principal) under the Terms and Conditions. In this section, a number of risk factors are illustrated, both general risks pertaining to the Group's business operations and risks relating to the Bonds as financial instruments. The risks presented herein are not exhaustive, and other risks not discussed herein, not currently known or not currently considered to be material, may also affect the Group's future operations, performance and financial position, and consequently the Group's ability to meet its obligations under the Terms and Conditions. Potential investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment in the Bonds.

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

Group and 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 bespoke furniture and other products such as levels of disposable income, levels of consumer debt and access to consumer credit. A deterioration in economic conditions globally and in the United Kingdom in particular would have an adverse effect on the Group's business, financial position and result of operation.

There is a risk that the contemplated withdrawal of the United Kingdom from the European Union pursuant to Article 50 of the Treaty on European Union following the national referendum in June 2016 could have an adverse impact on the Group's business, in particular in respect of the Group's use of foreign suppliers. Should such risk materialise, it would have an adverse effect on the Group's business, earnings or financial operation.

Competitive landscape

The Group has a number of competitors offering freestanding, carcass-based fitted, and bespoke fitted furniture. There is a risk that the number of competitors in the market increases and that such an increase in competition will lead to higher costs associated with obtaining new customers as well as retaining current customers. The Group's ability to compete also depends upon the Group's ability to anticipate future market changes and trends and to rapidly react to existing and future market needs. If the Group fails to meet the competition from new and existing companies or fails to react to market changes or trends, it will have an adverse effect on the Group's business, financial position and result of operation.

Competition authorities

In the future, the Group could be subject to investigations by competition authorities. If such investigations are initiated, it will have an adverse effect on the Group's business, financial position and result of operation.

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, which would have an adverse effect on the Group's business, financial position and result of operation.

Product safety or quality issues, actual or perceived, or allegations of any of the Group's products having caused adverse effects on a consumer, 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 the market in which the affected product was distributed. There is a risk that such claims or recalls would adversely affect the Group's business, brand image, financial position and result of operation. In addition, adverse publicity regarding 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. There is a risk that 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 an adverse effect on the Group's business, financial position and result of operation, as well as require additional resources to rebuild the Group's reputation.

Risk relating to self-employed fitters

The Group is dependent on the knowledge, experience and commitment of its self-employed fitters to provide quality work. There is a risk that the Group is unable to keep or replace certain of its self-employed fitters with other self-employed fitters to the extent the Group wish or need. There is also a risk that such new self-employed fitters will lack experience or are unable to provide the expected level of quality installations. There is a risk that the Group fails to sufficiently keep, replace or recruit new self-employed fitters, or if such self-employed fitters lack in experience and knowledge, which would have an adverse effect on the Group's business, earnings and financial position.

Consumer behaviour

Sales of the Group's products are dependent upon the purchasing power and patterns of its end consumers. There is a risk that changes in customers' strategies or purchasing patterns will adversely affect the Group's net sales. The willingness of consumers to purchase the Group's products may decrease due to external factors, such as a general downturn in the economy. If the willingness of end consumers to buy the Group's products decreases, it will have an adverse effect on the Group's business, financial position and result of operation.

Improper pricing and rising costs

Should the Group incorrectly price the products and services provided to its customers or be unable to maintain or increase prices in response to competitive pressures, there is a risk that this will affect the turnover, financial position and earnings of the Group. Moreover, there is a risk that the Group will be unable to keep its costs at levels required to sustain profitable operations. The Group is exposed to the risk of prices being increased by its suppliers. If the Group were to be unable to pass any such increase in purchasing costs further on to its customers, or if the Group were to be unable to increase

sales volumes to offset rising purchasing costs, the Group's business, financial condition and results of operations would be adversely affected.

Risks relating to changes in prices of raw material

Some of the raw materials used when manufacturing the Group's products are originally sourced abroad and therefore FX changes drive some price variances. Since the prices of raw material and other inputs affect the costs of manufacturing the Group's products, there is a risk that future fluctuations in the prices of such inputs will cause the Group to adjust the prices of its products, which in turn may result in a decline in demand for the Group's products, and/or that the Group will experience lower profit margins. Consequently, there is a risk that any material increases in the prices of raw material or other inputs will have an adverse effect on the Group's business, financial position and result of operation.

Products and product development

The Group is dependent upon its ability to develop new products and services. The Group also relies on know-how relating to the development and manufacture of certain materials and products. Failure to keep such know-how confidential or failure to develop new products and services may affect the Group's competitive position. Should the Group not be successful in the aforementioned fields, the Group's operations, earnings and financial position will be affected.

Risk related to suppliers

The manufacture of the Group's products is dependent upon the supply of quality raw materials. Thus, the Group's ability to service its customers depends on the availability and timely supply of products from suppliers. The Group has longstanding relations with its suppliers, with eight of the Group's top ten suppliers having been with the Group for more than eight years.

The Group is to some extent dependent on its suppliers and there is a risk that the Group is unable to keep or replace certain of its suppliers with other suppliers that deliver high quality raw materials in a timely manner followed by disruption in supply chain caused by transportation disruptions, delays or increased expenses, labour strikes, product recalls or other unforeseen events. Should the Group be unable to replace a supplier or experience temporary supply problems, or were any supplier to terminate a contract or materially change the key terms of a contract, there is a risk that this would have an adverse effect on the Group's output and sales which in turn would have an adverse effect on the Group's business, financial position and result of operation.

Leasing agreements pertaining to physical showrooms/premises

The Group does not own any property. Instead, it primarily leases its premises. The Group's business is dependent on it securing and maintaining access to attractive store locations for its showrooms. There is a risk that the Group is unable to find suitable premises at competitive prices and terms, which can adversely affect the Group's possibility to grow its sales. In addition, external factors such as market conditions and consumer demand affect premise leases and as a result the Group's lessors may seek to raise rents on leased premises. If the Group were to be unable to pass any such increase in rental expenditures on to its customers, or if the Group were to be unable to increase sales volumes to offset rising purchasing costs, the Group's business, financial condition and results of operations would be adversely affected.

Risks related to IT infrastructure

The Group depends on information technology and uses its information technology systems for internal purposes as well as externally in relation to its suppliers and customers. There is a risk that extensive downtime of network servers, attacks by IT-viruses or other disruptions or failure of information technology systems would have a negative impact on the Group's operations. There is a risk that failure of the Group's information technology systems would cause transaction errors and loss of customers as well as sales and business opportunities, and would have negative consequences for the Group, its employees, and those with whom the Group does business. Additionally, there is a risk that these types of problems will result in leaks of confidential customer information which would 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.

Intellectual property rights

The Group is actively working to protect its brands, names and domain names in the jurisdictions in which the Group operates. If the Group's protection of its trademarks and names is insufficient or if the Group does infringe on third party intellectual property rights, there is a risk that this will result in an adverse effect on the Group's business, financial position and result of operation.

Disputes and litigations

The Group is currently not involved in any material disputes. However, there is a risk that the Group will become involved in disputes or subject to other litigation in the future. If such disputes were to occur, eventual negative outcomes of such disputes or even negative publicity in connection therewith would have an adverse effect on the Group's business, earnings or financial position.

Insurance cover

There is a risk that the scope of the Group's insurance coverage will not cover all risks that materialise within the Group's business. In the event of damage claims, this may result in the total amount of the Group's losses not being compensated by the Group's insurances. Further, certain types of losses are not insurable and will thus not be covered by the Group's insurances. Hence, if the Group's insurance coverage proves to be insufficient, there is a risk that the Group will be required to pay for any losses, damages and liabilities leading to an adverse effect on the Group's business, financial position and result of operation.

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 and judicial practice has been, or in the future will be, incorrect 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 could increase, which would have an adverse effect on the Group's business, financial position and result of operation. 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 business, financial position and result of operation.

Borrowing by the Group and interest risk

The Group has incurred, and may in compliance with the limits set out in the final 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 may incur further financial indebtedness in accordance with the final Terms and Conditions which may carry floating interest rates. Thus, the Group may become exposed to changes of interest through future financing agreements which may carry floating rates of interest. 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. There is a risk that the increase in interest rates would entail an increase in the Group's interest obligations, which would have an adverse effect on the Group's business, financial position and result of operation.

Currency risk

The Group's functional currency is GBP. Although the Group's primary operations and cash flows are typically denominated in GBP, the Group incurs certain costs that are not denominated in GBP. These alternative currencies include, but are not limited to, EUR. Therefore the Group is exposed to currency risk, i.e. there is a risk that exchange rate fluctuations will adversely affect the Group's business, earnings or financial position when purchases are made in different currencies.

Anti-money laundering and fraud

The Group handles a large number of financial deposits and payments within its ordinary course of business, and is therefore exposed to risks relating to money laundering and fraud. Should the Group fail to detect fraudulent activities, such as a bank or credit card being used by an unauthorised third party, there is a risk that the Group will be required to refund the proceeds from such transaction. Such refunds, or similar payments, may lead to increased costs not be covered by the Group's insurance, which would have an adverse effect on the Group's business, financial position and result of operation. Further, if the Group fails to detect money laundering activities there is a risk that this will lead to fines and sanctions imposed by authorities, or even the Group's license from the Financial Conduct Authority being revoked, which would have an adverse effect on the Group's business, financial position and result of operation.

Changes in legislation

Various pieces of legislation and regulations (including, without limitation, competition regulations, 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 that would have an adverse effect on the Group's business, financial position and result of operation.

In May 2018 the new General Data Protection Regulation (Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 14 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (Data Protection Directive) ("**GDPR**")) entered into force. In the course of its business the Group registers, processes, stores and uses personal data on servers owned by the Group and located in the United Kingdom. There is a risk that the Group's security procedures concerning the personal data of customers, and other procedures for protecting personal data that the Group has implemented, are insufficient for preventing the disclosure or processing of personal data contrary to applicable legislation or agreements, and that IT and system failures or defects leads to the loss of customers' personal data or other information. If it is considered that the policies, processes, systems or other measures implemented by the Group are not in compliance, or are considered to have previously not been in compliance, with GDPR or previously applicable personal data processing legislation and rules and regulations, there is a risk that the Group's business, financial position and results of operations is adversely affected. A breach of GDPR could result in fines amounting to a

maximum of EUR 20,000,000 or 4 per cent. of the Group's global turnover. There is a risk that the Group fails to comply with GDPR which would have an adverse effect on the Group's business and financial position.

Risks relating to the Bonds

Credit risks

Investors in the Bonds carry a credit risk towards the Group. Bondholders' likelihood of receiving payment under the Bonds is therefore dependent upon 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 adversely affect the value of the Bonds. 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 some or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt depends on, among other things, conditions of debt capital markets and its financial condition at such time. Even if debt capital markets are open, there is a risk that the Issuer will not have access to financing 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 an adverse effect on the Group's business, financial position and result of operation 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*, the obligation to pay interest under the Bonds. Events beyond the Group's control, including changes in economic and business conditions in the markets 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 having to repay the bondholders at the applicable call premium. There is a risk 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 value of the Bonds depends on several factors, one of the most significant being the level of market interest over time. The Bonds bear interest at a floating rate of 3 month EURIBOR plus a margin and the interest rate of the Bonds is determined two business days prior to the first day of each respective interest period. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. There is a risk that an increase of the general interest rate level will adversely affect the value of the Bonds. The general interest rate level is to a high degree affected by conditions in British and international financial markets and is outside the Group's control.

Liquidity risks and secondary market

Even if the Bonds are admitted to trading on a regulated market within 12 months from the issue date, active trading in the Bonds does not always occur and a liquid market for trading in the Bonds might not occur even though the Bonds are listed. This may result in the bondholders being unable to 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 reflected in 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 reasonable terms or at all) 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, 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 have an adverse effect on the market price of the Bonds without regard to the Group's operating results, financial condition or prospects.

Ability to service debt

The Group'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 an adverse effect on the Group's operations, earnings, results and financial position.

Benchmark Regulation

The process for determining LIBOR, EURIBOR, STIBOR and other interest-rate benchmarks is subject to a number of legislative acts and other regulations. Some of these acts and regulations have already been implemented whilst some are set to be implemented in the near future.

The most extensive initiative in this respect is the Benchmark Regulation (Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014). The Benchmark Regulation came into force on the 1 January 2018. The Benchmark Regulation addresses the provision of benchmarks, the contribution of input data to benchmarks and the use of benchmarks within the European Union. The effect of the Benchmark Regulation cannot yet be fully determined due, among other things, to the limited time period that the regulation has applied. However, there is a risk that the Benchmark Regulation will affect how certain benchmarks are determined and how they develop in the future. This could, for example, lead to increased volatility regarding some benchmarks. A further potential risk is that increased administrative

requirements, and resulting regulatory risk, may discourage stakeholders from participating in the production of benchmarks, or that some benchmarks cease to be provided. Should this materialise in respect of the benchmark that is used for the Bonds, it would have negative effects for the Bondholders.

Liquidity Risk

In January 2018, MiFID II/MiFIR entered into force. Pursuant to the new rules, the reporting and transparency requirements have increased on the fixed income market. As a consequence, this may cause the financial institutions which are acting as intermediaries in the trade of financial instruments to be less willing to purchase financial instruments on their own books. Should this risk materialise, there is a risk that it would have a negative impact on the liquidity of the Bonds which would have a negative impact on the market value of the Bonds.

Risks relating to the transaction security

Although the Group's obligations towards the bondholders under the Bonds will be secured it is not certain that the proceeds of any enforcement sale of the security assets would be sufficient to satisfy all amounts owed to the bondholders.

The bondholders will be represented by the Security Agent (being on the First Issue Date Nordic Trustee & Agency AB (publ)) 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.

Risks relating to enforcement of the transaction security

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

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

Risks relating to the guarantees

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

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

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

Corporate benefit limitations in providing security to the bondholders

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

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 and ownership of the subsidiaries to enable it to make payments under the Bonds. Consequently, the Issuer is dependent upon 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. The subsidiaries are further legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. Should the Issuer not receive sufficient income from its subsidiaries, by way of dividends or value transfer from one or more subsidiary, there is a risk that the Issuer will be unable to service its payment obligations under the Bonds and subsequently adversely affect bondholders' ability to receive payment under the Bonds will be adversely affected.

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

Security over assets granted to third parties

Subject to certain limitations from time to time, the Issuer may incur additional financial indebtedness and provide additional security for such indebtedness. If security is granted in favour of a third party debt provider, the bondholders will, in the event of bankruptcy, re-organisation or winding-up of the Issuer, be subordinated in right of payment out of the assets being subject to security provided to such third party debt provider. In addition, if any such third party debt provider holding security provided by the Group were to enforce such security due to a default by any member of the Group under the relevant finance documents, there is a risk that such enforcement would have a material adverse effect on the Group's assets, operations and, ultimately, the financial position of the bondholders.

Currency risks

The Bonds will be 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 bondholders measure the return on their investments. There is a risk that this could cause a decrease in the effective yield of the Bonds below their stated coupon rates and would result in a loss to bondholders when the return on the Bonds is translated into the currency by reference to which the bondholders 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 bondholders will receive less interest or principal than expected, or no interest or principal at all.

Majority owner

Following any potential change of control in the Issuer, the Issuer may be controlled by a majority shareholder whose interests 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 the value of 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 would 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 however have a right of prepayment of the Bonds (put option). There is thus a risk that the Issuer does not have enough liquidity to repurchase the Bonds if the bondholders use its right of prepayment, see further under Section "*Put options*" below.

Put options

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put options) if (i) one or more persons, not being the Majority Shareholder (or an Affiliate thereof) (ii) in concert acquire control over the Issuer and where "control" means (a) controlling, directly or indirectly, more than 50 per cent. 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, e.g. by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

Risks related to early redemption

Under the Terms and Conditions, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date,

the bondholders have the right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions. However, there is a 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. It is further possible that the Issuer, in the event of a mandatory prepayment, will not have sufficient funds to carry out the required redemption of Bonds.

No action against the Issuer and bondholders' representation

In accordance with the Terms and Conditions, the Trustee (being on the First Issue Date Nordic Trustee & Agency AB (publ)) 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), which would negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the Trustee 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, the Trustee 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 Trustee in such matters will impact a bondholder's rights under the Terms and Conditions in a manner that is undesirable for some of the bondholders.

The rights of bondholders depend on the Trustee's actions and financial standing

By subscribing for, or accepting the assignment of, any Bond, each holder of a Bond will accept the appointment of the Trustee to act on its behalf and to perform administrative functions relating to the Bonds. The Trustee shall have, 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 Trustee as the representative of the bondholders will be subject to the provisions of the Terms and Conditions, and there is no specific legislation or market practice in Sweden (under which laws the Terms and Conditions are governed) which would govern the Trustee's performance of its duties and obligations relating to the Bonds. There is a risk that a failure by the Trustee to perform its duties and obligations properly or at all will adversely affect the enforcement of the rights of the bondholders.

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

There is a risk that materialisation of any of the above risks will have an adverse effect on the enforcement of the rights of the bondholders, including the right to receive payments under the Bonds.

Bondholders' meetings

The Terms and Conditions include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to bondholders' interests. The Terms and Conditions allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently from 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 certain bondholders' 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 affect 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 bondholder'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. There is a risk that restrictions relating to the transferability of the Bonds would have an adverse effect for some of the bondholders.

Risks relating to the clearing and settlement in Verdipapirsentralen ASA's book-entry system

The Bonds are affiliated to Verdipapirsentralen ASA's account-based system, and no physical notes will be issued. Clearing and settlement relating to the Bonds is carried out within Verdipapirsentralen ASA's book-entry system as well as payment of interest and repayment of the principal. Bondholders are therefore dependent on the functionality of Verdipapirsentralen ASA's account-based system and there is a risk that any problems thereof would have an adverse effect on the payment of interest and repayment of principal under the Bonds.

Amended or new legislation

This document is, and the Terms and Conditions will, be based on Swedish law in force at the date of issuance of the Bonds. There is a risk that amended or new legislation and administrative practices would adversely affect the bondholders' 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, there is a risk that conflicts of interest exist or arise as a result of the Sole Bookrunner having previously engaged, or in the future engaging, 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.

Issuer	SB Holdco PLC.
Bonds Offered	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 45,000,000 had been issued on the First Issue Date.
Number of Bonds	Maximum 60,000,000.
ISIN	NO001 0828098.
First Issue Date	13 July 2018.
Issue Price	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.
Interest Rates	Interest on the Bonds will be paid at a floating rate of three-month EURIBOR plus 8.00 per cent. per annum. Should EURIBOR be less than zero (0), EURIBOR shall be deemed to be zero (0).
Interest Payment Dates	13 January, 13 April, 13 July and 13 October of each year commencing on 13 October 2018. Interest will accrue from the First Issue Date.
Nominal Amount	The Bonds will have a nominal amount of EUR 1.00 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 subject to the priority ranking of any Super Senior RCF (as defined in the Terms and Conditions) and except for those obligations which are mandatorily preferred by law, and without any preference among them;
- are guaranteed by the Guarantors (as defined below);
- 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 that are not Guarantors, including obligations to trade creditors.

For further details, see Clause 2 (*Status of the Bonds*) in the Terms and Conditions.

Guarantees..... The Issuer's obligations under the Bonds are jointly and severally guaranteed (the "**Guarantee**") by each of:

- Sharps Bilston Limited, company number 07689780; and
- Sharps Bedrooms Limited, company number 07685430.

each a "**Guarantor**" and jointly the "**Guarantors**".

See "*Description of Material Agreements – Guarantee and Adherence Agreement*" for further details.

Ranking of the Guarantees The Guarantee of each Guarantor is a general obligation of such Guarantor and:

- ranks *pari passu* in right of payment with any existing and future indebtedness of such

Guarantor that is not subordinated in right of payment to such Guarantee, including the indebtedness under the Working Capital Facility;

- ranks senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to such Guarantee; and
- is effectively subordinated to any existing or future indebtedness or obligation of such Guarantor 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.

The Guarantees are subject to certain limitations under local law and the terms of the Intercreditor Agreement (if any). See "*Description of Material Agreements – Guarantee and Adherence Agreement*" for further details.

Security	The Bonds, together with obligations under the Working Capital Facility (if such Working Capital Facility provider has entered into the Intercreditor Agreement), 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 (<i>Definitions</i>) of the Terms and Conditions.
Voluntary prepayment	The Issuer may make partial redemptions of Bonds in an amount per fiscal year corresponding to a maximum of five (5) per cent. of the aggregate Nominal Amount as of the First Issue Date in accordance with Clause 9.3 (<i>Voluntary prepayment</i>) of the Terms and Conditions.
Equity Claw Back.....	The Issuer may at one occasion, in connection with an Equity Listing Event, redeem up to 30 per cent. of the total aggregate Nominal Amount of the Bonds outstanding from time to time in accordance with Clause 9.4 (<i>Equity Claw Back</i>) 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 9.5 (<i>Voluntary Total Redemption (call option)</i>) of the Terms and Conditions.
Call Option Amount	Call Option Amount means: <ul style="list-style-type: none"> (a) an amount equivalent to the sum of (i) 104.00 per cent. of the Outstanding

Nominal Amount and, (ii) the remaining interest payments up to, but not including the First Call Date (assuming that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the bondholders), together with accrued but unpaid interest, if the Call Option is exercised before the First Call Date (the relevant record date shall be agreed upon between the Issuer, the CSD and the Trustee in connection with such redemption);

- (b) 104.00 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the First Call Date to, but not including, the date falling 30 months after the First Issue Date;
- (c) 102.40 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 30 months after the First Issue Date to, but not including, the date falling 36 months after the First Issue Date;
- (d) 101.20 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 36 months after the First Issue Date to, but not including, the date falling 42 months after the First Issue Date; and
- (e) 100.00 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 42 months after the First Issue Date to but not including the Final Redemption Date.

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

Final Redemption Date..... Means 13 July 2022.

Change of Control Event..... The occurrence of an event or series of events whereby one or more persons (not being the Majority 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.

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 (as defined in the Terms and Conditions);
- restrictions on the incurrence of Financial Indebtedness (as defined in the Terms and Conditions); and
- limitations on the making of distributions and disposal of assets.

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

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

Use of Proceeds The purpose of the Bond Issue is to (i) repay the Vendor Loan, and (ii) finance Transaction Costs.

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

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.

Listing	Application has been made to list the Bonds on the corporate bond list of Nasdaq Stockholm.
Trustee	Nordic Trustee & Agency AB (publ) (acting as the bondholders' agent and Security Agent).
Paying Agent	Pareto Securities AB.
Governing Law of the Bonds	Swedish law.
Governing Law of the Guarantee and Adherence Agreement	Swedish law.
Risk Factors	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 13 July 2018, and was subsequently issued by the Issuer on 13 July 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 and on the Open Market of the Frankfurt Stock Exchange.

The board of directors of the Issuer is the source of, and is responsible for, the information given in this Prospectus. 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 in existence at the date hereof and contains no material omissions likely to affect its import. Neither the Sole Bookrunner nor any of its representatives have conducted any efforts to confirm or verify the information supplied by the Issuer. Any information in this Prospectus and in the documents incorporated by reference has, as far as the Issuer is aware and can be judged on the basis of other information made public by a third party, been correctly represented and no material information has been omitted which may serve to render the information set out therein misleading or incorrect. The board of directors of the Issuer confirm that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of their knowledge, in accordance with the facts in existence at the date hereof and contains no material omissions likely to affect its import. Statements in this Prospectus about current and future market conditions and prospects for the issuer have been made on a best judgment basis at the date hereof.

12 June 2019

SB Holdco PLC

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.

Working Capital Financing

On 11 September 2018 a GBP 4,000,000 working capital facility was entered into with, among others, Sharps Bilston Limited as parent, Sharps Bedrooms Limited as original borrower, each company within the Group as original guarantors, Barclays Bank PLC as original lender, agent and arranger, and Nordic Trustee & Agency AB (publ) as security agent (the "**Working Capital Facility**").

Guarantee and Adherence Agreement

The Guarantors and the Issuer have entered into a guarantee and adherence agreement with the Security Agent dated 13 July 2018 (the "**Guarantee and Adherence Agreement**"), pursuant to which the Guarantors have agreed to jointly and severally guarantee the Group's obligations as follows:

- the full and punctual payment and performance of all Secured Obligations, including all payment of principal of, and premium, if any, and interest under the Senior Finance Documents (as defined in the Guarantee and Adherence Agreement) when due, whether at maturity, by acceleration, by redemption or otherwise, and interest on any such obligation which is overdue, and of all other monetary obligations of the Issuer or Guarantors to the Secured Parties under the Senior Finance Documents (as defined in the Guarantee and Adherence Agreement);
- to indemnify each Secured Party against any loss incurred by such Secured Party arising out of the non-payment, invalidity or unenforceability of the Secured Obligations, in each case, all in accordance with the Senior Finance Documents; and
- the Secured Obligations may be extended or renewed or refinanced, in whole or in part, without notice or further assent from the Guarantor and that the Guarantor will remain bound under the Guarantee and Adherence Agreement notwithstanding any extension or renewal or refinancing of any Secured Obligation.

The Guarantees are subject to the Senior Finance Documents and certain limitations imposed by local law requirements in certain jurisdictions.

Intercreditor Agreement

On 11 September 2018, the Issuer entered into an intercreditor agreement with, among others, the Issuer as issuer and original ICA group company, Barclays Bank PLC as original facility agent and original super senior RCF creditor (the "**Super Senior RCF Creditor**"), each company within the Group as original ICA group companies, SB Topco Limited as original shareholder creditor, and Nordic Trustee & Agency AB (publ) as agent and security agent (the "**Intercreditor Agreement**"). The Intercreditor Agreement provides for (i) complete subordination of Shareholder Loans, and (ii) super senior ranking of the Working Capital Facility in relation to the senior ranking Bonds. The super senior ranking provides for sharing of the same security package as the Bonds but with waterfall priority to any enforcement proceeds. The Bondholders will upon enforcement actions being taken have the first right to instruct the Security Agent to take enforcement actions. In case of absence of enforcement

actions for more than 3 months the instruction right will shift to the Super Senior RCF Creditor for a period of 3 months.

DESCRIPTION OF THE GROUP

History and development

SB Holdco PLC was incorporated on 27 June 2018 in preparation for the issuance of the Bonds and is a public limited liability company operating under the laws of England and Wales with company number 11436854.

The registered office and headquarters of the Company is Springvale Park Industrial Estate, Bilston, West Midlands, Wolverhampton, WV14 0QL, United Kingdom, with telephone number +44 01276 802091.

The Issuer acquired Sharps Bilston Limited, company number 07689780, and its subsidiary Sharps Bedrooms Limited, company number 07685430 on 13 July 2018 (please refer to section "*Overview of Group Structure*" for an overview of the Group).

The Issuer is now an intermediary holding company of the Guarantor Group.

The history and development of the Group is accounted for below.

1973	▪ Sharps was founded in Leicestershire by Geoff Sharp.
1979	▪ Sharps is acquired by ADT.
1996	▪ Sharps, as part of a fitted furniture group together with Moben Kitchen and Dolphin Bathrooms, is listed on the stock exchange as the Limelight Group.
2000	▪ The business is once again taken private by Pildrew Ventures.
2007	▪ Sharps, as part of the HomeForm Group, is acquired by an affiliate of Sun Capital Partners, Inc.
2011	▪ Sharps is acquired as a standalone business by an affiliate of Sun Capital Partners, Inc.

Business overview and operations

The Group is a dynamic vertically integrated bedroom furniture and home office furniture group, operating in the United Kingdom. The Group conducts full-service business within the bedroom and home office furniture market segments.

98 per cent. of the Group's orders are for fitted bedroom furniture, wherein bespoke fitted wardrobes is the Group's primary product category.

Customers are primarily acquired through advertising and street showroom presence. Appointments are made, either direct via a call centre or by visiting a showroom. After an appointment has been made, a designer conducts a home visit with detailed 'line drawing' produced and pricing outlined for the customer. A surveyor then confirms the measurements and produces a CAD drawing; a full 3D generated image of both interior and exterior views of each bespoke order. The product is then manufactured to order at a purpose built facility in Bilston, United Kingdom, after which it is delivered to the customer and installed by a self-employed fitter.

Media spend is a key growth driver for the Group, accounting for 85 per cent. of total marketing spend in 2018. 35 per cent. of the Group's customers first become aware of the brand through TV advertising, with a further 20 per cent. and 7 per cent. coming through online and press channels respectively.

Share capital and ownership structure

The shares of the Company are denominated in GBP. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Company had an issued share capital of GBP 105,700 divided into 105,700 of shares.

100 per cent. of the Company is, as per the date of this Prospectus, owned by SB Topco Limited, a private limited liability company operating under the laws of England and Wales with company number 11436629 (the "**Parent**"). The shareholders of SB Topco Limited are (i) HF Group Lux S.à r.l., a private limited liability company operating under the laws of Luxembourg with company number B 127219 (the "**Major Shareholder**"), and (ii) a group of individuals (the "**Other Shareholders**").

The following table sets forth the ownership structure in the Parent, indicating the indirect and ultimate ownership in the Company as per the date of this Prospectus.

<i>Shareholders of the Parent</i>	<i>No. of shares</i>	<i>Share capital</i>	<i>Voting Rights</i>
HF Group Lux S.à r.l.	Ordinary A: 20,000,000	94.61 %	100.00 %
Other Shareholders	Ordinary B: 1,140,000	5.39 %	0 %
Total	21,140,000	100.00 %	100.00 %

Major Shareholder – 94.61 per cent.

HF Group Lux S.à r.l. is an affiliate of Sun Capital Partners, Inc., a leading private investment firm focused on identifying companies' untapped potential and leveraging its deep operational and financial resources to transform results. It is a trusted partner recognized for its investment and operational experience, including particular expertise in the consumer products and services, food and beverage, industrial, packaging, chemicals, building products, automotive, restaurant, and retail sectors. Since 1995, Sun Capital affiliates have invested in more than 360 companies worldwide across a broad range of industries and transaction structures with turnover in excess of EUR 40,000,000,000.

Other Shareholders – 5.39 per cent.

The Other Shareholders and their respective shareholdings in the Parent:

- Kevin Smith, Ordinary B: 500,000
- Ken Hutcheson, Ordinary B: 200,000
- Peter Welsh, Ordinary B: 200,000
- Roger Moss, Ordinary B: 80,000
- Tim Moore, Ordinary B: 80,000
- Yvonne Bennett, Ordinary B: 80,000

Shareholders' agreements

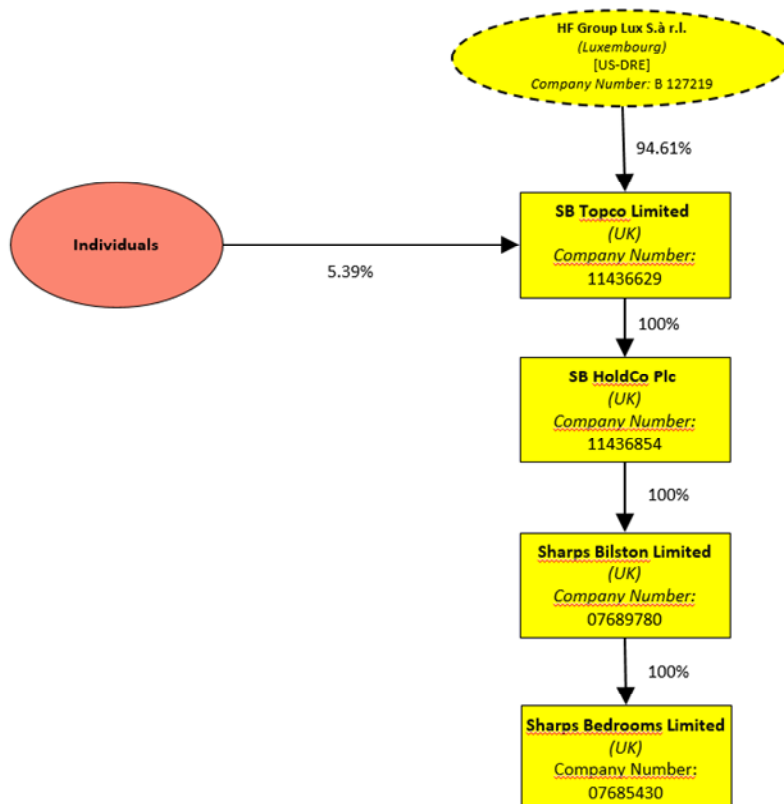
The Issuer is not aware of the details of any provision in the arrangement between its shareholders, the operation of which may at a subsequent date result in a change in control of the Issuer.

Overview of Group structure

Currently, the Issuer has, directly and indirectly, two 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 and parent companies, is set out below.



Recent events

Prior to the acquisition of the Guarantor Group, the Issuer had no operations. Following the acquisition of the Guarantor Group the Issuer is the parent company of the Group. The acquisition by the Issuer of the Guarantor Group took place on 13 July 2018. The acquisition has had a direct impact on the Issuer's future earnings, financial position and cash flow.

The acquisition was funded with a vendor loan from the seller, which will be repaid in instalments using, *inter alia*, the proceeds from the Bonds.

The Group has entered into a contract to rewrite part of its sales order processing system software. The contract is valued at around GBP 300,000 and will be implemented between April 2019 and December 2019. This capital expenditure will be financed through existing liquidity and working capital.

Significant change and trend information

There has been no material adverse change in the prospects of the Group since the date of (i) the Group's audited consolidated financial statements for 2018 and (ii) no significant change in the financial or trading position of the Issuer or the Guarantor Group since the end of the last financial period for which audited financial information has been published.

Key structural drivers in respect of the Group for growth in the market for bedroom and home office furniture include in particular:

- Increasing number of households in the UK
The total number of bedrooms in the UK will continue to rise along with households, underpinning market growth.
- Houses are becoming smaller
As UK homes become smaller, efficient storage solutions will become increasingly important. Increasing property prices are causing people to live in multi-generational households, further increasing the demand for space.
- Increasing 'Do it for me' culture
Consumer preferences for convenience are leading to a reduction in 'do it yourself' culture in favour of professional services.

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 applied for nor assigned to the Issuer or its debt securities.

MANAGEMENT

Board of directors

The Issuer

The board of directors of the Issuer currently consists of two (2) members which have been elected by the general meeting. The board of directors and the senior management can be contacted at the Issuer's headquarters at Springvale Park Industrial Estate, West Midlands, WV140QL, Wolverhampton, United Kingdom. Further information on the members of the board of directors and the senior management is set forth below.

Kevin Smith, chairman of the board since June 2018.

Education: Member of Chartered Institute of Management Accountants

Current commitments: CEO, SB Topco Limited since 2018
CEO, Sharps Bilston Limited since 2011
CEO, Sharps Bedrooms Limited since 2011

Michael Galliford, member of the board since 2019.

Education: Fellow member of the Chartered Institute of Management Accountants

Current commitments: Galliford Services Limited

The Guarantors

The board of directors and the management of the Guarantors can be contacted through the same address as the Issuer. Further information on the members of the board of directors and the management is set forth below.

Sharps Bilston Limited

The board of directors of Sharps Bilston Limited currently consists of one (1) board member.

Kevin Smith, chairman of the board since August 2012.

Education: Please see above under section "The Issuer".

Current commitments: Please see above under section "The Issuer".

Sharps Bedrooms Limited

The board of directors of Sharps Bedrooms Limited currently consists of one (1) board member.

Kevin Smith, chairman of the board since July 2011.

Education: Please see above under section "The Issuer".

Current commitments: Please see above under section "The Issuer".

Management of the Issuer

Further information on the members of the management is set forth below.

Kevin Smith, CEO

Kevin Smith has been with Sharps since 1993, acting as Operations Director from 2004 to 2007, and became Managing Director in 2007. Previously, he co-owned a manufacturing and distribution business supplying the UK Motor spares aftermarket. He is a CIMA qualified accountant.

Michael Galliford, CFO

Michael Galliford has held number of senior finance positions including Finance Director Transformation at Wolseley UK and Group Financial Controller of Finning (UK) Ltd. Michael qualified as an accountant 20 years ago.

Management of the Guarantors

The following manager hold the same position in each of the Guarantors. Further information on the member of the management is set forth below.

Kevin Smith, CEO

Kevin Smith has been with Sharps since 1993, acting as Operations Director from 2004 to 2007, and became Managing Director in 2007. Previously, he co-owned a manufacturing and distribution business supplying the UK Motor spares aftermarket. He is a CIMA qualified accountant.

Sharp Bedrooms Limited

Further information on the management of Sharp Bedrooms Limited is set forth below.

Tim Moore, Marketing Director

Joined Sharps in 2000 as Marketing Manager. Promoted to Marketing Director of Moben/Kitchens Direct in 2006, before re-joining Sharps in 2008. Credited with the modernisation of the Sharps 'positioning'.

Ken Hutcheson, Sales Director

Sharps Sales Director from March 2011 and previously from 2001 – 2007. Additional experience from the Everest Group. Ken manages a team of approximately 35 persons.

Peter Welsh, Showroom Director

Responsible for property portfolio, showroom performance and direct channel. Previously a strategic consultant to the business in 2006, moving full time in 2011. Peter manages a team of approximately 310 persons.

Brian Aram, Operations Director

Operations Director since 2013. Previously IT Director at Homeform Group and was heavily involved in the CAD rollout within Moben and Dolphin. Prior experience at DPD Logistics. Brian manages a team of approximately 350 persons.

Yvonne Bennett, HR Director

CIPD qualified professional joined HomeForm Group in 2002 as Head of HR and moved to Sharps in July 2011. Previously worked with Dixons, Sketchley and Ford. Yvonne manages a team a team of approximately 10 persons.

Conflicts of interest within administrative, management and control bodies

To the extent that can be reasonably verified by the Group, 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 Group's interests or prevent the aforementioned to faithfully execute their duties to the Group.

Interest of natural and legal persons involved in the issue

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

SELECTED FINANCIAL INFORMATION

The following tables provide a summary of the Issuer's and the Guarantors' historical financial information as of, and for, the periods presented. The financial information for the financial year 2018 and 2019 for the Issuer and the Guarantors have been derived from the Group's unaudited interim reports for the period 31 December 2018 to 31 March 2019 and for the period 1 October 2018 to 30 December 2018 (with the Issuer as parent) and the Group's consolidated audited financial statements for 2018 including figures from 2017 and 2018 (with the Issuer as parent). The financial information for the financial year 2018 for Sharps Bilston Limited have been derived from the Guarantor Group's consolidated audited financial statements for 2018 including figures from 2017 and 2018 (with Sharps Bilston Limited as parent), and the financial information for the financial year 2018 for Sharps Bedrooms Limited has been derived from Sharps Bedrooms Limited's audited financial statements for 2018 including figures from 2017 and 2018. The financial information should be read together with the audited financial statements that are incorporated in this Prospectus by reference. Figures reported in this section have in some cases been rounded. The Group operates a weekly system with respect to its financial year, i.e. one financial year consists of 52 weeks (364 days).

The Group

The information below is derived from the Group's unaudited interim report for the period 31 December 2018 to 31 March 2019 (with the Issuer as parent).

No material adverse change to the Group's financial position or market position has occurred since the date of the Group's latest audited accounts.

Consolidated and Company Statement of Comprehensive income

	Group				Company	
	Q2 2019 £'000	Q2 2018 £'000	YTD 2019 £'000	YTD 2018 £'000	Q2 2019 £'000	YTD 2019 £'000
Turnover	27,070	26,617	50,757	50,247	-	-
Cost of sales	(14,489)	(14,290)	(27,574)	(27,339)	-	-
Gross profit	12,581	12,327	23,138	22,908	-	-
Administrative expenses	(10,306)	(10,056)	(20,473)	(20,142)	-	-
EBITDA before management fees and exceptional costs	2,748	2,603	3,574	3,413	-	-
Depreciation	(265)	(297)	(547)	(592)	-	-
Management fees and exceptional costs	(208)	(35)	(317)	(55)	-	-
Operating profit	2,275	2,271	2,710	2,776	-	-
Interest payable and other finance costs	823	(419)	(560)	(847)	799	(628)
Profit/(loss) on ordinary activities before taxation	3,098	1,852	2,150	1,919	799	(628)
Taxation on profit on ordinary activities	(589)	(352)	(409)	(365)	-	-
Profit/(loss) on ordinary activities after taxation	2,509	1,500	1,742	1,554	799	(628)
Total comprehensive income/(loss) for the financial period attributable to the owners of the parent	2,509	1,500	1,742	1,554	799	(628)

Consolidated and Company Balance Sheet as at 31 March 2019

	Group		Company
	March 2019	Sept 2018	March 2019
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	2,423	2,696	-
Intangible assets	4,349	4,349	-
Investments in subsidiaries	-	-	75,900
Deferred tax asset	595	595	-
	7,367	7,640	75,900
Current assets			
Trade and other receivables	381	454	-
Cash and cash equivalents	11,035	7,285	1,301
Inventories	1,777	1,560	-
Amounts owed from related parties	50	50	50
Other current assets	3,959	6,685	2
	17,202	16,034	1,353
Total assets	24,569	23,674	77,253
Current liabilities			
Trade and other payables	3,112	5,296	-
Amounts owed to related parties	3,111	3,111	8,000
Current tax liabilities	347	698	-
Other current liabilities	15,188	13,086	635
	21,758	22,191	8,635
Net current liabilities	(4,556)	(6,157)	(7,282)
Total assets less current liabilities	2,811	1,483	68,618
Non-current liabilities			
Interest bearing loans and borrowings	34,841	35,306	34,841
Provisions	2,398	2,347	-
	37,239	37,653	34,841
Capital and reserves			
Share capital	106	106	106
Retained earnings	21,218	19,476	(1,484)
Other reserves	(55,752)	(55,752)	35,155
Equity attributable to owners of the parent	(34,428)	(36,170)	33,777
Total equity	(34,428)	(36,170)	33,777
Total equity and non-current liabilities	2,811	1,483	68,618

Consolidated and Company Statement of Changes in Equity

GROUP

	Share capital	Other reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance b/fwd 1 October 2018	106	(55,752)	19,476	(36,170)
Total comprehensive loss for the period	-	-	1,742	1,742
Balance c/fwd 31 March 2019	106	(55,752)	21,218	(34,428)

	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance b/fwd 2 October 2017	-	(15,007)	12,010	(2,997)
Profit and total comprehensive income for the period	-	-	1,554	1,554
Balance c/fwd 1 April 2018	-	(15,007)	13,564	(1,443)

COMPANY	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance b/fwd 1 October 2018	106	35,155	(856)	34,405
Total comprehensive loss for the period	-	-	(628)	(628)
Balance c/fwd 31 March 2019	106	35,155	(1,484)	33,777

Consolidated and Company Cash Flow Statement

	Group				Company	
	Q2 2019 £'000	Q2 2018 £'000	YTD 2019 £'000	YTD 2018 £'000	Q2 2019 £'000	Q2 2018 £'000
Cash flows from operating activities						
Profit/(loss) before tax	3,098	1,852	2,150	1,919	799	(628)
Adjustments for:						
Net finance costs	(862)	419	521	847	(822)	546
Depreciation of property, plant and equipment	265	297	547	592	-	-
	2,501	2,568	3,218	3,358	(23)	(82)
Increase in inventories	(106)	(5)	(217)	(17)	-	-
Decrease in trade and other receivables	205	353	1,431	1,192	1	2
Increase/(decrease) in trade and other payables	1,271	677	(182)	272	-	-
Movement in provisions and accruals	2,993	2,422	1,541	876	(30)	(342)
Movement in related parties balances	-	-	-	-	782	1,222
Cash used in working capital	4,363	3,447	2,573	2,323	753	882
Income taxes paid	(352)	(491)	(760)	(811)	-	-
Net cash flow generated from operating activities	6,512	5,524	5,031	4,870	730	800
Cash flows from investing activities						
Payments to acquire property, plant and equipment	(178)	(145)	(273)	(165)	-	-
Net cash used in investing activities	(178)	(145)	(273)	(165)	0	0
Cash flows from financing activities						
Movement in related party balances	-	-	-	-	740	1,495
Bond notes issued	593	-	593	-	593	593
Issue costs	(89)	-	(89)	-	(89)	(89)
Loan repayments	-	(550)	-	(1,100)	-	-
Interest paid	(745)	(367)	(1,500)	(745)	(745)	1,500
Interest received	5	-	5	-	5	5

Net cash used in financing activities	(236)	(917)	(991)	(1,845)	504	504
Net increase in cash and cash equivalents	6,098	4,462	3,767	2,860	1,234	1,304
Effect of exchange rate fluctuations on cash and cash equivalents	(8)	-	(17)	-	(8)	(17)
Net increase in cash and cash equivalents after effects of exchange rate fluctuations	6,090	4,462	3,750	2,860	1,226	1,287
Cash and cash equivalents at 30 December 2018/ 30 September 2018	4,945	16,383	7,285	17,985	75	14
Cash and cash equivalents at 31 March 2019	11,035	20,845	11,035	20,845	1,301	1,301

The information below is derived from the Group's unaudited interim report for the period 1 October 2018 to 30 December 2018 (with the Issuer as parent).

Consolidated and Company Statement of Comprehensive income

	Group			Company
	Q1 2019 £'000	Q1 2018 £'000	2017-18 £'000	G1 2019 £'000
Turnover	23,687	23,630	102,828	-
Cost of sales	(13,085)	(13,049)	(54,905)	-
Gross profit	10,602	10,581	47,923	-
Administrative expenses	(10,167)	(10,086)	(37,127)	-
EBITDA before management fees and exceptional costs	826	810	12,076	-
Depreciation	(282)	(295)	(1,170)	-
Management fees and exceptional costs	(109)	(20)	(110)	-
Operating profit	435	495	10,796	-
Interest payable and other finance costs	(1,383)	(428)	(1,718)	(1,427)
(Loss)/profit on ordinary activities before taxation	(948)	67	9,078	(1,427)
Taxation on (loss)/ profit on ordinary activities	180	(13)	(1,612)	-
(Loss)/profit on ordinary activities after taxation	(768)	54	7,466	(1,427)
Total comprehensive (loss)/income for the financial period attributable to the owners of the parent	(768)	54	7,466	(1,427)

Consolidated and Company Balance Sheet as at 30 December 2018

	Group		Company
	30 Dec 2018 £'000	30 Sep 2018 £'000	30 Dec 2018 £'000
Non-current assets			
Property, plant and equipment	2,510	2,696	-
Intangible assets	4,349	4,349	-
Investments in subsidiaries	-	-	75,900
Deferred tax asset	595	595	-
	<u>7,454</u>	<u>7,640</u>	<u>75,900</u>
Current assets			

Trade and other receivables	352	454	-
Cash and cash equivalents	4,945	7,285	75
Inventories	1,671	1,560	-
Amounts owed from related parties	50	50	50
Other current assets	4,194	6,685	4
	<u>11,212</u>	<u>16,034</u>	<u>129</u>
Total assets	<u>18,666</u>	<u>23,674</u>	<u>76,029</u>
Current liabilities			
Trade and other payables	3,182	5,296	-
Amounts owed to related parties	3,111	3,111	6,478
Current tax liabilities	132	698	-
Other current liabilities	10,931	13,086	698
	<u>17,356</u>	<u>22,191</u>	<u>7,176</u>
Net current liabilities	(6,144)	(6,157)	(7,047)
Total assets less current liabilities	<u>1,310</u>	<u>1,483</u>	<u>68,853</u>
Non-current liabilities			
Interest bearing loans and borrowings	35,875	35,306	35,875
Provisions	2,373	2,347	-
	<u>38,248</u>	<u>37,653</u>	<u>35,875</u>
Capital and reserves			
Share capital	106	106	106
Retained earnings	18,708	19,476	(2,283)
Other reserves	(55,752)	(55,752)	35,155
Equity attributable to owners of the parent	(36,938)	(36,170)	32,978
Total equity	(36,938)	(36,170)	32,978
Total equity and non-current liabilities	<u>1,310</u>	<u>1,483</u>	<u>68,853</u>

Consolidated and Company Statement of Changes in Equity

GROUP

	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance b/fwd 1 October 2018	106	(55,752)	19,476	(36,170)
Total comprehensive loss for the period	-	-	(768)	(768)
Balance c/fwd 30 December 2018	<u>106</u>	<u>(55,752)</u>	<u>18,708</u>	<u>(36,938)</u>

	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance b/fwd 2 October 2017	-	(15,007)	12,010	(2,997)
Profit and total comprehensive income for the period	-	-	54	54
Balance c/fwd 31 December 2017	<u>-</u>	<u>(15,007)</u>	<u>12,064</u>	<u>(2,943)</u>

COMPANY	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total £'000
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Balance b/fwd 1 October 2018	106	35,155	(856)	34,405
Total comprehensive loss for the period	-	-	(1,427)	(1,427)
Balance c/fwd 30 December 2018	106	35,155	(2,283)	32,978

Consolidated and Company Cash Flow Statement

	Group		Company
	Q1 2019	Q1 2018	Q1 2019
	£'000	£'000	£'000
Cash flows from operating activities			
(Loss)/profit before tax	(948)	67	(1,427)
Adjustments for:			
Net finance costs	1,383	428	1,368
Depreciation of property, plant and equipment	282	295	-
	<u>717</u>	<u>790</u>	<u>(59)</u>
(Increase) in inventories	(111)	(12)	-
Decrease in trade and other receivables	1,226	839	1
(Decrease) in trade and other payables	(1,453)	(405)	-
Movement in provisions and accruals	(1,452)	(1,546)	(312)
Movement in related parties balances	-	-	440
Cash used in working capital	<u>(1,790)</u>	<u>(1,124)</u>	<u>129</u>
Income taxes paid	(408)	(320)	-
Net cash flow generated from operating activities	(1,481)	(654)	70
Cash flows from investing activities			
Payments to acquire property, plant and equipment	(95)	(20)	-
Net cash used in investing activities	(95)	(20)	0
Cash flows from financing activities			
Movement in related party balances	-	-	755
Loan repayments	-	(550)	-
Interest paid	(755)	(378)	(755)
Net cash used in financing activities	(755)	(928)	0
Net increase/(decrease) in cash and cash equivalents	(2,331)	(1,602)	70
Effect of exchange rate fluctuations on cash and cash equivalents	(9)	-	(9)
Net increase in cash and cash equivalents after effects of exchange rate fluctuations	(2,340)	(1,602)	61
Cash and cash equivalents at 30 September 2018	7,285	17,985	14
Cash and cash equivalents at 30 December 2018	4,945	16,383	75

The information below is derived from the Group's consolidated audited financial statements for 2018 including figures from 2017 and 2018 (with the Issuer as parent), which are prepared according to IFRS. The summaries set out below have not been specifically reviewed by the Issuer's auditor.

No material adverse change to the Group's financial position or market position has occurred since the date of the Group's latest audited accounts.

Consolidated Statement of Comprehensive income for the period 2 October 2017 to 30 September 2018

	Period 2 October 2017 to 30 September 2018	Period 3 October 2016 to 1 October 2017
	£000	£000
Turnover	102,828	95,247
Cost of sales	<u>(54,905)</u>	<u>(51,501)</u>
Gross profit	47,923	43,746
Other operating expenses	(37,127)	(34,601)
EBITDA before management fees and exceptional costs	12,076	11,228
Depreciation and loss on disposal of fixed assets	(1,170)	(1,152)
Management fees and exception costs	<u>(110)</u>	<u>(931)</u>
Operating profit	10,796	9,145
Interest payable and financing costs	<u>(1,718)</u>	<u>(1,803)</u>
Profit on ordinary activities before taxation	9,078	7,342
Taxation on profit on ordinary activities	<u>(1,612)</u>	<u>(1,605)</u>
Profit on ordinary activities after taxation	<u>7,466</u>	<u>5,737</u>
Total comprehensive income for the financial period attributable to the owners of the parent	<u>7,466</u>	<u>5,737</u>

Consolidated and Company Balance Sheets as at 30 September 2018

	30 September 2018	Group		30 September 2018
	£000	1 October 2017	2 October 2016	£000
Non-current assets				
Property, plant and equipment	2,696	3,570	1,970	-
Intangible assets	4,349	4,349	4,349	-
Investments in subsidi	-	-	-	75,900
Deferred tax asset	595	619	736	-
	<u>7,640</u>	<u>8,538</u>	<u>7,055</u>	<u>75,900</u>

Current assets				
Trade and other receivables	454	416	408	5
Amounts owed by related parties	50	-	-	50
Cash and cash equivalents	7,285	17,986	12,746	14
Inventories	1,560	1,607	1,663	-
Prepayments	5,085	5,220	5,203	-
Other current assets	1,600	1,600	-	-
	<u>16,034</u>	<u>26,829</u>	<u>20,020</u>	<u>69</u>
Total assets	<u>23,674</u>	<u>35,367</u>	<u>27,075</u>	<u>75,969</u>
Current liabilities				
Trade and other payables	5,269	4,984	4,361	-
Amounts owed to related parties	3,111	-	-	5,282
Interest bearing loans and borrowings	-	2,200	1,600	-
Income tax payable	698	809	574	-
Other current liabilities	13,086	13,842	11,300	976
	<u>22,191</u>	<u>21,835</u>	<u>17,835</u>	<u>6,258</u>
Net current (liabilities)/assets	<u>(6,157)</u>	<u>4,994</u>	<u>2,185</u>	<u>(6,189)</u>
Total assets less current liabilities	<u>1,483</u>	<u>13,532</u>	<u>9,240</u>	<u>69,780</u>
Non-current liabilities				
Interest bearing loans	35,306	14,292	16,285	35,306
Provisions	2,347	2,237	1,689	-
	<u>37,653</u>	<u>16,529</u>	<u>17,974</u>	<u>35,306</u>
Capital and reserves				
Share capital	106	-	-	106
Retained earnings	19,476	12,010	6,273	(856)
Other reserve	(55,752)	(15,007)	(15,007)	35,155
Equity attributable to owners of the parent	<u>(36,170)</u>	<u>(2,997)</u>	<u>(8,734)</u>	<u>34,405</u>
Total equity	<u>(36,170)</u>	<u>(2,997)</u>	<u>(8,734)</u>	<u>34,405</u>
Total equity and non-current liabilities	<u>1,483</u>	<u>13,532</u>	<u>9,240</u>	<u>69,711</u>

Consolidated and Company Statement of Cashflows for the period 2 October 2017 to 30 September 2018

	Group		Company
	Period 2	Period 3	Period 27
	October 2017	October 2016	June to 30
	to 30	to 1 October	September
	September	2017	2018
	2018		
	£000	£000	£000

Cash flow from operating activities			
Profit/(loss) for the financial period after tax	7,466	5,737	(856)
Adjustments for:			
Net finance costs	1,522	1,803	618
Taxation	1,612	1,605	-
Depreciation	1,170	1,146	-
Loss on disposal of fixed assets	-	6	-
Decrease in stocks	47	56	-
(Decrease)/(increase) in debtors	40	(1,579)	(5)
(Decrease)/(increase) in creditors	(3,737)	3,117	-
Increase in related party balances	-	-	166
Increase in provisions	2,423	548	42
Cash from operations	10,543	12,439	(35)
Income taxes paid	(1,699)	(1,253)	-
Net cash generated from operating activities	8,844	11,186	(35)
Cash flows from investing activities			
Proceeds from the sale of tangible assets	-	52	-
Purchases of tangible assets	(298)	(2,804)	-
Net cash used in investing activities	(298)	(2,752)	-
Cash flows from financing activities			
Bond notes issued	35,565	-	35,565
Repayment of loan notes	(37,578)	-	(37,578)
Repayment of bank loans	(16,492)	(1,600)	-
Cash received from related parties	-	-	2,006
Interest paid	(798)	(1,594)	-
Net cash used in financing activities	(19,303)	(3,194)	(7)
Net (decrease)/increase in cash and cash equivalents	(10,757)	5,240	(42)
Effect of exchange rate fluctuations on cash and cash equivalents	56	-	56
Net (decrease)/increase in cash and cash equivalents after exchange rate Impact	(10,701)	5,240	14
Cash and cash equivalents at the beginning of the period	17,986	12,746	-
Cash and cash equivalents at the end of the period	7,285	17,986	14

Consolidated Statement of Changes in Equity for the Period Ended 30 September 2018

Called-up share capital	Other reserve	Profit and loss account	Total
£000	£000	£000	£000

At 2 October 2016	-	(15,007)	6,273	(8,734)
Profit and total comprehensive income for the period	-	-	5,737	5,737
At 1 October 2017	-	(15,007)	12,010	(2,997)
Issue of share capital	106	-	-	106
Profit and total comprehensive income for the period	-	-	7,466	7,466
Movement on other reserve	-	(40,745)	-	(40,745)
At 30 September 2018	106	(55,752)	19,476	(36,170)

Company Statement of Changes in Equity for the period ended 30 September 2018

	Called-up share capital	Other reserve	Profit and loss account	Total
	£000	£000	£000	£000
Share capital subscribed in period on incorporation	106	-	-	106
Loss and total comprehensive loss for the period	-	-	(856)	(856)
	106	-	(856)	(750)
Other reserve	-	35,155	-	35,155
At 30 September 2018	106	35,155	(856)	34,405

The Guarantors

Sharps Bilston Limited

The information below is derived from the Guarantor Group's consolidated audited financial statements for 2018 including figures from 2017 and 2018 (with Sharps Bilston Limited as parent), which are prepared according to IFRS. The summaries set out below have not been specifically reviewed by Sharps Bilston Limited's auditor.

No material adverse change to the Guarantor Group's financial position or market position has occurred since the date of the Guarantor Group's latest audited accounts.

Consolidated Statement of Comprehensive income for the period 2 October 2017 to 20 September 2018

	Period 2 October 2017 to 30 September 2018 £000	Period 3 October 2016 to 1 October 2017 £000
Turnover	102,828	95,247
Cost of sales	<u>(54,905)</u>	<u>(51,501)</u>
Gross profits	47,923	43,746
Other operating expenses	(37,085)	(34,601)

EBITDA before management fees and exceptional costs	12,118	11,228
Depreciation and loss on disposal of fixed assets	(1,170)	(1,152)
Management fees and exceptional costs	(110)	(931)
Operating profit	10,838	9,145
Interest payable and financing costs	(904)	(1,803)
Profit on ordinary activities before taxation	9,934	7,342
Taxation on profit on ordinary activities	(1,612)	(1,605)
Profit on ordinary activities after taxation	<u>8 322</u>	<u>5 737</u>
Total comprehensive income for the financial period attributable to the owners of the parent	<u>8 322</u>	<u>5 737</u>

Consolidated Balance Sheets as at 30 September 2018

	30 September 2018	1 October 2017	2 October 2016
	£000	£000	£000
Non-current assets			
Property, plant and equipment	2,696	3,570	1,970
Intangible assets	4,349	4,349	4,349
Deferred tax asset	595	619	736
	<u>7,640</u>	<u>85,38</u>	<u>7,055</u>
Current assets			
Trade and other receivables	456	359	408
Amounts owed by related parties	2,172	-	-
Cash and cash equivalents	7,271	17,986	12,746
Inventories	1,560	1,607	1,663
Prepayments	5,080	5,220	5,203
Other current assets	1,600	1,600	-
	<u>18,138</u>	<u>26,772</u>	<u>20,020</u>
Total assets	<u>25,778</u>	<u>35,310</u>	<u>27,075</u>
Current liabilities			
Trade and other payables	5,296	4,984	4,361
Interest bearing loans and borrowings	-	2,200	1,600
Income tax payable	698	809	574
Other current liabilities	12,112	13,842	11,300
	<u>18,106</u>	<u>21,835</u>	<u>17,835</u>
Net current assets	<u>32</u>	<u>4,937</u>	<u>2,185</u>
Total assets less current liabilities	<u>7,672</u>	<u>13,532</u>	<u>9,240</u>
Non-current liabilities			

Interest bearing loans and borrowings	-	14,292	16,285
Provisions	2,237	2,237	1,669
	2,347	16,529	17,974
Capital and reserves			
Share capital	-	-	-
Share premium	8,320	8,320	8,320
Merger reserve	(23,327)	(23,327)	(23,327)
Retained earnings	20,332	12,010	6,273
Equity attributable to owners of the parent	5,325	(2,997)	(8,734)
Total equity	5,325	(2,997)	(8,734)
Total equity and non.current liabilities	7,672	13,532	9,240

Company Balance Sheets as at 30 September 2018

	30 September 2018	1 October 2017	2 October 2016
	£000	£000	£000
Non-current assets			
Investment in subsidiaries	23,327	23,327	23,327
Total assets	23,327	23,327	23,327
Current liabilities			
Amounts owed to related parties	18,488	5,386	2,879
Interest bearing loans and borrowings	-	1,657	1,205
Other current liabilities	-	4	7
	18,488	7,047	4,091
Net current liabilities	18,488	7,047	4,091
Total assets less current liabilities	4,839	16,280	19,236
Non-current liabilities	-	10,843	12,500
Interest bearing loans and borrowings	-	10,843	12,500
Capital and reserves			
Share capital	-	-	-
Share premium	8,320	8,320	8,320
Retained earnings	(3,481)	(2,883)	(1,584)
Equity attributable to owners of the parent	4,839	5,437	6,736
Total equity	4,839	5,437	6,736
Total equity and non.current liabilities	4,839	16,280	19,238

Consolidated and Company Statement of Cashflows for the period 2 October 2017 to 30 September 2018

Group		Company	
2018	2017	2018	2017
£000	£000	£000	£000

Cash flows from operating activities

Profit/(loss) for the financial period after tax	8,322	5,737	(598)	(1,299)
Adjustments for:				
Net finance costs	904	1,803	598	1,299
Taxation	1,612	1,605	-	-
Depreciation	1,170	1,146	-	-
Loss on disposal of fixed assets	-	6	-	-
Decrease in stocks	47	56	-	-
Decrease/(increase) in debtors	45	(1,579)	-	-
(Decrease)/increase in creditors	(3,737)	3,117	-	-
Increase in related party balances	(2,172)	-	-	-
Increase in provisions	2,381	548	-	-
Cash from operations	8,572	12,439	-	-
Income taxes paid	(1,699)	(1,253)	-	-
Net cash flow generated from operating activities	6,873	11,186	-	-
Cash flows from investing activities				
Proceeds from the sale of tangible assets	-	52	-	-
Purchases of tangible assets	(298)	(2,804)	-	-
Net cash used in investing activities	(298)	(2,752)	-	-
Cash flows from financing activities				
Repayment of bank loans	(16,492)	(1,600)	-	-
Interest paid	(798)	(1,594)	-	-
Net cash used in financing activities	(17,290)	(3,194)	-	-
Net (decrease)/increase in cash and cash equivalents	(10,715)	5,240	-	-
Cash and cash equivalents at the beginning of the period	17,986	12,746	-	-
Cash and cash equivalents at the end of the period	7,271	17,986	-	-

Consolidated Statement of Changes in Equity for the period ended 30 September 2018

	Called- up share capital	Share premium	Merger reserve	Retained earnings	Total
	£000	£000	£000	£000	£000
At 2 October 2016	-	8 320	(23,327)	6,273	(8,734)
Profit and total comprehensive income for the year	-	-	-	5,737	5,737
At 1 October 2017	-	8 320	(23,327)	12,010	(2,997)
Profit and total comprehensive income for the year	-	-	-	8,322	8,322
At 30 September 2018	-	8 320	(23,327)	20,322	5,325

Company Statement of Changes in Equity for the period ended 30 September 2018

	Called-up share capital	Share premium	Retained earnings	Total
	£000	£000	£000	£000
At 2 October 2016	-	8 320	(1,584)	6,736
Loss and total comprehensive expenses for the year	-	-	(1,299)	(1,299)
At 1 October 2017	-	8 320	(2,883)	5,437
Loss and total comprehensive expenses for the year	-	-	(598)	(598)
At 30 September 2018	-	8 320	(3,481)	4,839

Sharps Bedrooms Limited

The information below is derived from Sharps Bedrooms Limited's audited financial statements for 2018 including figures from 2017 and 2018, which are prepared according to UK GAAP. The summaries set out below have not been specifically reviewed by Sharps Bedrooms Limited's auditor.

No material adverse change to Sharps Bedrooms Limited's financial position or market position has occurred since the date of Sharps Bedrooms Limited's latest audited accounts.

Statement of Comprehensive Income for the period 2 October 2017 to 30 September 2018

	2 October 2017 to 30 September 2018	3 October 2016 to 1 October 2017
	£000	£000
Turnover	102,828	95,247
Cost of sales	(54,905)	(51,501)
Gross profit	47,923	43,746
Administrative expenses	(37,085)	(34,601)
EBITDA before management fees and exceptional costs	12,118	11,228
Depreciation and loss on disposal of fixed assets	(1,170)	(1,152)
Management fees and exceptional costs	(110)	(931)
Operating profit	10,838	9,145
Finance costs	(197)	(298)
Profit on ordinary activities before taxation	10,641	8,847
Income tax expense	(1,612)	(1,605)
Profit on ordinary activities after taxation	9,029	7,242
Total comprehensive income for the financial period attributable to owners of the parent	9,029	7,242

Balance Sheet as at 30 September 2018

	2018	2017
	£000	£000
Non-current assets		
Property, plant and equipment	2,696	3,570
Intangible assets	4,349	4,349
Amounts owed by related parties	20,660	5,361
Deferred tax asset	595	619
	<u>28,300</u>	<u>13,919</u>
Current assets		
Trade and other receivables	5,535	5,579
Other current assets	1,600	1,600
Cash and cash equivalents	7,271	17,986
Inventories	1,560	1,607
	<u>15,966</u>	<u>26,772</u>
Total assets	<u>44,266</u>	<u>40,691</u>
Current liabilities		
Trade and other payables	5,297	4,984
Interest bearing loans and borrowings	-	543
Current tax liabilities	698	809
Other current liabilities	12,111	13,777
	<u>18,106</u>	<u>20,113</u>
Net current liabilities	(2,140)	6,659
Total assets less current liabilities	<u>26,160</u>	<u>20,678</u>
Non-current liabilities		
Interest bearing loans and borrowings	-	3,557
Provisions	2,347	2,237
	<u>2,347</u>	<u>5,794</u>
Capital and reserves		
Share capital	-	-
Share Premium	1	1
Retained earnings	23,812	14,783
	<u>23,813</u>	<u>14,783</u>
Equity attributable to owners of the parent	23,813	14,784
Total equity	23,813	14,784
Total equity and non-current liabilities	<u>26,160</u>	<u>20,578</u>

Statement of Changes in Equity for the period ended 30 September 2018

	Called - up share capital	Share premium account	Retained earnings	Total
	£000	£000	£000	£000
At 2 October 2016	-	1	7,541	7,542
Profit and total comprehensive income for the period	-	-	7,242	7,242
At 1 October 2017	-	1	14,783	14,784
Profit and total comprehensive income for the period	-	-	9,029	9,029

At 30 September 2018

-	1	23,812	23,813
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HISTORICAL FINANCIAL INFORMATION

Historical financial information

The Group's unaudited interim reports for the period 31 December 2018 to 31 March 2019 and for the period 1 October 2018 to 30 December 2018 (with the Issuer as parent), the Group's consolidated audited financial statements for 2018 (with the Issuer as parent), the Guarantor Group's consolidated audited financial statements for 2018 and 2017 (with Sharps Bilston Limited as parent) and Sharps Bedrooms Limited's audited financial statements for 2018 and 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 Group's consolidated audited financial statements for 2018 and the Guarantor Group's consolidated audited financial statements for 2018 have been prepared in accordance with IFRS. The Guarantor Group's consolidated audited financial statements for 2017 and Sharps Bedrooms Limited's audited financial statements for 2018 and 2017 have been prepared in accordance with UK GAAP.

Financial statements

Other than the auditing of the Group's consolidated audited financial statements for 2018, the Guarantor Group's consolidated audited financial statements for 2018 and 2017, and Sharps Bedrooms audited financial statements for 2018 and 2017, the auditors have not audited or reviewed any part of this Prospectus.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Group's consolidated unaudited interim report for the period 31 December 2018 to 31 March 2019 is incorporated into this Prospectus by reference. The other information set out in the interim report for the period 31 December 2018 to 31 March 2019 is deemed to not be relevant for the purpose of this Prospectus.

- income statement, page 7;
- balance sheet, page 8;
- cash flow statement, page 10;
- statement of changes in equity, page 9; and
- notes, page 11-19.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Group's consolidated unaudited interim report for the period 1 October 2018 to 30 December 2018 is incorporated into this Prospectus by reference. The other information set out in the interim report for the period 1 October 2018 to 30 December 2018 is deemed to not be relevant for the purpose of this Prospectus.

- income statement, page 7;
- balance sheet, page 8;
- cash flow statement, page 10;
- statement of changes in equity, page 9; and
- notes, page 11-19.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Group's consolidated audited financial statements for 2018 is incorporated into this Prospectus by reference. The other information

set out in the consolidated financial statements for 2018 is deemed to not be relevant for the purpose of this Prospectus.

- income statement, page 13;
- balance sheet, page 14;
- cash flow statement, page 15;
- statement of changes in equity, page 16;
- notes, page 17-33; and
- the audit report, page 8-12.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Guarantor Group's consolidated audited financial statements for 2018 is incorporated into this Prospectus by reference. The other information set out in the consolidated financial statements for 2018 is deemed to not be relevant for the purpose of this Prospectus.

- income statement, page 10;
- balance sheet, page 11-12;
- cash flow statement, page 13;
- statement of changes in equity, page 14;
- notes, page 15-30; and
- the audit report, page 8-9.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from Sharps Bedrooms Limited's audited financial statements for 2018 is incorporated into this Prospectus by reference. The other information set out in the consolidated financial statements for 2018 is deemed to not be relevant for the purpose of this Prospectus.

- income statement, page 10;
- balance sheet, page 11;
- statement of changes in equity, page 12;
- notes, page 13-26; and
- the audit report, page 8-9.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Guarantor Group's consolidated audited financial statements for 2017 is incorporated into this Prospectus by reference. The other information set out in the consolidated financial statements for 2017 is deemed to not be relevant for the purpose of this Prospectus.

- income statement, page 10;
- balance sheet, page 11-12;
- cash flow statement, page 13;
- statement of changes in equity, page 14-15;
- notes, page 16-27; and
- the audit report, page 8-9.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from Sharps Bedrooms Limited's audited financial statements for 2017 is incorporated into this Prospectus by reference. The other information

set out in the consolidated financial statements for 2017 is deemed to not be relevant for the purpose of this Prospectus.

- income statement, page 10;
- balance sheet, page 11;
- statement of changes in equity, page 12;
- notes, page 13-22; and
- the audit report, page 8-9.

Auditing of the annual historical financial information

The Group

The consolidated financial statements for the Group for 2018 have been audited, as applicable, by Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB, United Kingdom. Grant Thornton UK LLP has been the Issuer's auditor since 2018. Michael Frankish is the auditor who is responsible for the Company. Michael Frankish is an authorised auditor and is a member of the professional body the Institute of Chartered Accountants in England and Wales, the professional institute for the accountancy sector in England and Wales.

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

The Guarantor Group

The Guarantor Group's consolidated financial statements and Sharps Bedrooms Limited's financial statements as at present and for the years 2018 and 2017 have been audited, as applicable, by Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB, United Kingdom. Grant Thornton UK LLP has been the Guarantor Group's auditor since 2011, and was re-elected for an additional year on the latest annual general meeting. Michael Frankish is the auditor who is responsible for the Company. Michael Frankish is an authorised auditor and is a member of the professional body the Institute of Chartered Accountants in England and Wales, the professional institute for the accountancy sector in England and Wales.

The auditing of the financial statements were conducted in accordance with international standards on auditing and local generally accepted accounting principles and the audit reports were submitted without comment.

Age of the most recent audited financial information

The most recent audited financial information for the Issuer has been taken from the consolidated audited financial statements for the financial year ended 30 September 2018, which was published on 30 November 2018 on the Issuer's website at sbholdco.co.uk. The most recent audited financial information for the Guarantor Group (including each Guarantor) has been taken from the consolidated audited financial statements for the financial year ended 30 September 2018.

OTHER INFORMATION

Assurance regarding the Prospectus

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

Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of EUR 45,000,000 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 60,000,000. Each Bond has a nominal amount of EUR 1.00. The ISIN for the Bonds is NO001 0828098.

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

Representation of the Bondholders

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

The Guarantors

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

- Sharps Bilston Limited is a private limited liability company incorporated under the laws of England and Wales since 1 July 2011. It is registered with the Registrar of Companies for England and Wales, company number 07689780. Its registered address is Springvale Park Industrial Estate, Bilston, West Midlands, Wolverhampton, WV14 0QL, United Kingdom.
- Sharps Bedrooms Limited is a private limited liability company incorporated under the laws of England and Wales since 28 June 2011. It is registered with the Registrar of Companies for England and Wales, company number 07685430. Its registered address is Springvale Park Industrial Estate, Bilston, West Midlands, Wolverhampton, WV14 0QL, United Kingdom.

Material contracts

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

Documents incorporated by reference

This Prospectus is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at sbholdco.co.uk:

- page 7 – 19 from the Groups' unaudited interim report for the period 31 December 2018 to 31 March 2019;
- page 7 – 19 from the Groups' unaudited interim report for the period 1 October 2018 to 30 December 2018;
- page 8 – 33 from the Groups' consolidated audited financial statements for 2018;
- page 8 – 30 from the consolidated audited financial statements for the Guarantor Group for 2018;
- page 8 – 26 from the audited financial statements for Sharps Bedrooms Limited for 2018;
- page 8 – 27 from the consolidated audited financial statements for the Guarantor Group for 2017; and
- page 8 – 22 from the audited financial statements for Sharps Bedrooms Limited for 2017.

Documents available for inspection

The following documents are available at the Company's facility at Norwich House Knoll Road Camberley Surrey GU15 3FN, United Kingdom, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus.

- the Company's and each Guarantor's articles of association;
- the Company's and each Guarantor's certificate of registration;
- the Groups' unaudited interim statements for the period 31 December 2018 to 31 March 2019;
- the Groups' unaudited interim statements for the period 1 October 2018 to 30 December 2018;
- the Groups' consolidated audited financial statements 2018;
- the Guarantor Group's consolidated audited financial statements for 2018;
- Sharps Bedrooms Limited' audited financial statements for 2018;
- the Guarantor Group's consolidated audited financial statements for 2017;
- Sharps Bedrooms Limited' audited financial statements for 2017;
- this Prospectus;

- the Intercreditor Agreement; and
- the Guarantee and Adherence Agreement.

The following documents are also available in electronic form on the Company's website at sbholdco.co.uk:

- the Groups' consolidated audited financial statements for 2018; and
- this Prospectus.

Listing costs

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 280,000.

TAXATION

The following is a general discussion of certain tax consequences under the tax laws of Sweden and England and Wales of the acquisition, ownership and disposal of the Bonds. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Bonds. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Sweden and England and Wales currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE BONDS, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS APPLICABLE IN SWEDEN, ENGLAND AND WALES AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Sweden

Holders not tax resident in Sweden

Payments of any principal or any amount that is considered to be interest for Swedish tax purposes to the holder of any Bonds should not be subject to Swedish income tax, provided that such a holder (a) is not resident in Sweden for Swedish tax purposes or (b) does not have a permanent establishment in Sweden to which the Bonds are effectively connected.

However, broadly speaking, provided that the value of or the return on the Bonds relates to securities taxed as shares, private individuals who have been residents of Sweden for tax purposes due to a habitual abode or continuous stay in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption are liable for capital gains taxation in Sweden upon disposal or redemption of such Bonds. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes, except in relation to certain payments of interest (and other distributions on Bonds) to a private individual (or the estate of a deceased individual) who is resident in Sweden for Swedish tax purposes (see "Holders tax resident in Sweden" below).

Holders tax resident in Sweden

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on Bonds) will be taxable. Specific tax consequences may be applicable to certain categories of corporations, for example life insurance companies. Moreover, specific tax consequences may be applicable if, and to the extent that, a Bondholder realises a capital loss on the Bonds and to any currency exchange gains or losses. If amounts that are deemed as interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, or clearing institution within the EEA, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on Bonds (but not capital gains), if the returns are paid out together with such a payment of interest referred to above.

United Kingdom

Interest withholding taxes

As a general rule, UK domestic law requires companies making payments of interest to withhold tax at 20 per cent. However, there are a number of exceptions to this general rule. The key exclusions are:

- Payments of interest by UK resident companies if the beneficial owner of the interest is also a UK resident company, or a UK permanent establishment ("**PE**"), provided the interest concerned will be taxed in the United Kingdom as part of the PE's trading profits.
- Payments of interest on a quoted Eurobond.
- Payments of interest that qualify for exemption under Directive 2003/49/EC of the European Parliament and of the Council (the "**EU Interest and Royalties Directive**").
- Payments of interest paid to or by a UK bank (or a UK PE of a foreign bank).
- Payments of 'short' interest.

Once the bonds are listed on the exchange, they will meet the requirements of the quoted Eurobond exemption and as such, no withholding tax should apply to payments of interest from this point onwards.

If none of these exceptions apply, a payment of interest must be made after the deduction of WHT unless (or until) HMRC has given authorisation that the payment may be made gross (or with a reduced rate of WHT) because of the applicability of treaty relief for the recipient. The issuer will be responsible for determining if any WHT should be applied and collection of these amounts at source.

CORPORATE GOVERNANCE

SB Holdco PLC

Corporate Governance

The Issuer, as a privately held company, is not subject to public corporate governance standards.

Audit Committee and Remuneration Committee

The Issuer's business does not require separate committees.

Sharps Bilston Limited and Sharps Bedrooms Limited

Corporate Governance

The Guarantors, as privately held companies, are not subject to public corporate governance standards.

Audit Committee and Remuneration Committee

The Guarantors' business' does not require separate committees.

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 relevant securities registration legislation and through which a Bondholder has opened a Securities Account in respect of its Bonds.

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

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

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

"**Affiliate**" means any Person, 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.

"**Bondholder**" means the person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *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 (Sw. *skuldförbindelse*) for the Nominal Amount and which are governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

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

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

"**Call Option**" means the Issuer's right to redeem outstanding Bonds in full in accordance with Clause 9.5 (*Voluntary total redemption (call option)*).

"Call Option Amount" means:

- (a) an amount equivalent to the sum of (i) 104.00 per cent. of the Outstanding Nominal Amount and, (ii) the remaining interest payments up to, but not including the First Call Date (assuming that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the bondholders), together with accrued but unpaid interest, if the Call Option is exercised before the First Call Date (the relevant record date shall be agreed upon between the Issuer, the CSD and the Trustee in connection with such redemption);
- (b) 104.00 of the Outstanding Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the First Call Date to, but not including, the date falling 30 months after the First Issue Date;
- (c) 102.40 of the Outstanding Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 30 months after the First Issue Date to, but not including, the date falling 36 months after the First Issue Date
- (d) 101.20 of the Outstanding Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 36 months after the First Issue Date to, but not including, the date falling 42 months after the First Issue Date; and
- (e) 100.00 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 42 months after the First Issue Date to but not including the Final Redemption Date.

"Cash and Cash Equivalents" means, at any time, (i) cash in hand held by any member of the Group or with a reputable bank credited to an account in the name of the relevant member of the Group and in each case to which the relevant member of the Group is beneficially and legally entitled and which is immediately available to be applied in repayment or prepayment of the Bonds or payment of interest (for the avoidance of doubt, not including e.g. any cash subject to a pledge or similar arrangement (excluding legal right to set-off) or any amount standing on client accounts) and (ii) short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value of the relevant member of the Group.

"Change of Control Event" means the occurrence of an event or series of events whereby (one or more persons, not being the Majority 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.

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

"Compliance Certificate" means a certificate, in the agreed form between the Trustee and the Issuer, signed by the Issuer certifying satisfaction of the Incurrence Test (if relevant) and/or Distribution Test (if relevant) and 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 and clean down of any Working Capital Facility. If the Compliance Certificate is provided in connection with an Incurrence Test and/or Distribution Test, the certificate shall include calculations and figures in respect of the Incurrence Test and/or Distribution Test (as applicable).

"**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 reasonable exceptional items evidenced and signed off by the CFO which are not in line with the ordinary course of business, provided that such items are not in excess of an amount equal to 10.00 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 company;
- (e) not including any accrued interest owing to any member of the Group;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (i) plus or minus the Group's share of the profits or losses of entities which are not part of the Group;
- (j) plus any amounts received under loss of profit, business interruption or equivalent insurance; and
- (k) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group.

"**Escrow Account**" means a bank account of which the Issuer is the beneficial owner, into which the Net Proceeds will be transferred and which has been pledged in favour of the Trustee and the Bondholders (represented by the Trustee) under the Escrow Account Pledge Agreement.

"**Escrow Account Pledge Agreement**" means the pledge agreement entered into between NT Services AS and the Trustee on or about the Issue Date in respect of a first priority pledge over

the Escrow Account and all funds held on the Escrow Account from time to time, granted in favour of the Trustee and the Bondholders (represented by the Trustee).

"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 Paying Agent at its request quoted by banks reasonably selected by the Paying 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 Paying Agent best reflects the interest rate for deposits in Euro offered for the relevant period; and

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

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

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

"Final Redemption Date" means 13 July 2022 (4 years after the First Issue Date) at a price equal to the Outstanding Nominal Amount.

"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 or any costs relating to the listing of the Bonds 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 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 Intercreditor Agreement (if any), the Guarantee Agreement, the Trustee Agreement, the Escrow Account Agreement, the Security Documents and any other document designated to be a Finance Document by the Issuer and the Trustee.

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

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

"First Issue Date" means 13 July 2018.

"Floating Rate Margin" means 8.00 per cent. *per annum*.

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

"GBP" means the lawful currency of the United Kingdom.

"Group" means the Issuer and its Subsidiaries from time to time, including the Target Group, and a **"Group Company"** means each of the Issuer and its Subsidiaries including the Target Group.

"Guarantee and Adherence Agreement" means the guarantee and adherence agreement entered into on or before the First Issue Date, between the Trustee and the Guarantors.

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

"Guarantors" means Sharps Bilston Limited, business identity code 07689780 and Sharps Bedrooms Limited, business identity code 07685430.

"Incurrence Test" has the meaning set forth in Clause 12.1 (*Incurrence Test*).

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

"Insolvent" means that a person:

- (a) is unable or admits inability to pay its debts as they fall due;
- (b) suspends making payments on any of its debts generally; or

is otherwise considered insolvent or bankrupt within the meaning of the relevant bankruptcy legislation of the jurisdiction which can be regarded as its center of main interest as such term is understood pursuant to the regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May on insolvency proceedings (recast). **"Interest"** means the interest on the Bonds calculated in accordance with Clauses 8(a) to 8(c).

"Interest Payment Date" means 13 January, 13 April, 13 July and 13 October of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 13 October 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 (and including) the First Issue Date to (but excluding) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date (or a shorter period if relevant).

"Interest Rate" means EURIBOR (3 months) plus the Floating Rate Margin.

"Intercreditor Agreement" means the intercreditor agreement which may be entered into if requested by the Issuer, based on the terms set out in the intercreditor term sheet attached as Schedule 1 in the final term sheet for the Bonds dated 6 July 2018, after the First Issue Date, between, amongst others the Issuer, the Working Capital Facility Provider, the Guarantors, any creditor under the Shareholder Loans, the Trustee as Security Agent and agent under the Terms and Conditions for the Bonds.

"Issue Date" means the First Issue Date and any subsequent date when issuance of Subsequent Bonds takes place.

"Issuer" means SB Holdco PLC, a public limited company incorporated under the laws of England with Reg. No. 11436854.

"Majority Shareholder" means Sun Capital Partners IV, L.P., 5200 Town Center Circle, Suite 400, Boca Raton, United States or an Affiliate thereof.

"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 subject to legal reservations and perfection requirements.

"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 arising from Cash or Cash Equivalent investments.

"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 any, guarantees, counter indemnities in respect of bank guarantees, Shareholder 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 Paying Agent for the services provided in relation to the placement and issuance of the Bonds.

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

"Obligor" means the Issuer and the Guarantor.

"Outstanding Nominal Amount" means The Nominal Amount less any repayments and amortisations made.

"Paying Agent" means Pareto Securities ASA, or another party replacing it, as Paying Agent, in accordance with these Terms and Conditions

"Permitted Debt" means any Financial Indebtedness:

- (a) incurred under the Bonds (except for any Subsequent Bonds);
- (b) incurred pursuant to any Finance Leases entered into in the ordinary course of the Group's business and amounting to no more than GBP 250,000 in aggregate;
- (c) under a foreign exchange transaction or a commodity transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions and/or any Working Capital Facility, but not any transaction for investment or speculative purposes;
- (d) arising under any interest rate hedging transactions in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (e) incurred under Advance Purchase Agreements;
- (f) incurred under any Shareholder Loans;
- (g) incurred by the Issuer if such Financial Indebtedness (i) is incurred as a result of a Subsequent Bond Issue and meets the Incurrence Test on a pro forma basis, or (ii) ranks pari passu or is subordinated to the obligations of the Issuer under the Finance

Documents, in each case meets the Incurrence Test on a pro forma basis (A) has a final maturity date or a final redemption date; and (B) early redemption dates or instalment dates (if applicable), which in each case occurs after the Final Redemption Date;

- (h) taken up from a Group Company;
- (i) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD);
- (j) of the Group under any pension or tax liabilities of the Group incurred in the ordinary course of business;
- (k) to and including the date of disbursement of funds from the Escrow Account, the Vendor Loan and following such date any remaining part of the Vendor Loan not so repaid if subordinated to the Bonds in any insolvency scenario, provided that it must be repaid within 3 months following disbursement of the Net Proceeds from the Escrow Account;
- (l) 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 GBP 4,000,000, provided that such working capital facility is (i) unsecured, (ii) secured as a Super Senior RCF in accordance with the principles set forth in the ICA term sheet, or (iii) benefits from other Permitted Security (a "Working Capital Facility"); and
- (m) any other Financial Indebtedness incurred by the Issuer or another Group Company not in aggregate exceeding GBP 500,000 (or its equivalent in any other currencies).

"Permitted Security" means any security:

- (a) provided under the Finance Documents;
- (b) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (c) created in the form of a pledge over an escrow account to which the proceeds incurred in relation to a refinancing of the Bonds in full are intended to be received;
- (d) created for the benefit of the finance providers in relation to a refinancing of the Bonds in full, however provided always that any perfection requirements in relation thereto are satisfied after repayment of the Bonds in full;
- (e) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (f) provided in relation to any lease agreement entered into by a Group Company;
- (g) provided in relation to any Working Capital Facility; and
- (h) provided pursuant to items (c), (d) and (g) of the definition of Permitted Debt.

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

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

- (a) in relation to payments pursuant to these Bond Terms, the date designated as the Record Date in accordance with the rules of the CSD from time to time; and
- (b) for the purpose of casting a vote in a Bondholders' Meeting, the date falling on the immediate preceding Business Day to the date of that Bondholders' Meeting being held, or another date as accepted by the Trustee.

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

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

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

"**Secured Obligations**" means the "**Secured Obligations**" as defined in the Intercreditor Agreement (if any), or all present and future, actual and contingent, liabilities and obligations at any time due, owing or incurred by any Obligor towards the Secured Parties outstanding from time to time under the Finance Documents.

"**Secured Parties**" means the "**Secured Parties**" as defined in the Intercreditor Agreement (if any) or the Security Agent, the Bondholders and the Trustee (including in its capacity as Trustee under the Trustee Agreement).

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

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

"**Security Agent**" means Nordic Trustee & Agency AB (publ), holding the Transaction Security on behalf of itself and the other Secured Parties.

"**Security Documents**" means the documents listed below on terms agreed upon in accordance with the agreed security principles (as set out in Schedule 2 of the final term sheet of the Bonds):

- (a) a share pledge agreement in respect of all shares in the Issuer;

- (b) a share pledge agreement in respect of all shares in the Target Company;
- (c) a share pledge agreement in respect of all shares in Sharps Bedrooms Limited;
- (d) a pledge agreement over any current and future downstream intragroup loans, if such loan exceeds a principal amount of EUR 1,000,000;
- (e) floating charge over all assets in the Target Company;
- (f) floating charge over all assets in Sharps Bedrooms Limited; and
- (g) fixed charges over any: (a) freehold or leasehold property held by the Sharps Bedrooms Limited in England and Wales, other than (i) leasehold property for the purpose of use as showrooms and retail space and manufacturing facilities provided that the lease is on normal commercial terms reasonably consistent with the existing leases of the group and (ii) any leasehold property that has 25 years or less to run on the lease together with all building and fixtures on that property; and (b) any buildings, fixtures, fittings, fixed, plant, equipment or machinery from time to time situated on or forming part of such freehold or leasehold property.

"Shareholder Loans" means any loan from the shareholder(s) of the Issuer to the Issuer as the debtor existing on the First Issue Date, if such shareholder loans according to its terms, (i) are subordinated to the obligations of the Issuer under the Terms and Conditions pursuant to a subordination agreement in accordance with the principles set forth in the ICA term sheet, (b) have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date, and (c) yield only payment-in-kind interest.

"Sole Bookrunner" means Pareto Securities AB.

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

"Subsidiary" means, in respect of which such person, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners, (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

"Super Senior RCF" means a super senior RCF as defined in the ICA term sheet.

"Target Company" means Sharps Bilston Limited, business identity code 07689780.

"Target Group" means the Target Company and its Subsidiaries from time to time.

"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) a Subsequent Bond Issue and (iii) the listing of the Bonds.

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

"**Trustee**" means the bondholders' agent and Security Agent under the Terms and Conditions and, if relevant, the Finance Documents, from time to time; initially Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden.

"**Trustee Agreement**" means the agreement entered into between the Trustee and the Issuer on or prior to the First Issue Date regarding, *inter alia*, the remuneration payable to the Trustee.

"**Vendor**" means HF Group Lux S.ar.l and certain members of management of the Target Group.

"**Vendor Loan**" means the vendor note(s) evidencing the vendor loan(s) in an approximate aggregated amount of GBP 41,000,000 issued by the Issuer to the Vendor on or before the First Issue Date for the purpose of financing the acquisition of the Target Group

"**Voluntary prepayment**" has the meaning set forth in Clause 9.3 (*Voluntary prepayment*).

"**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) 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.
- (c) No delay or omission of the Trustee 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 nominal amount of each Initial Bond is EUR 1.00 (the "**Nominal Amount**"). The Total Nominal Amount of the Initial Bonds is EUR 45,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount. The minimum permissible subscription amount upon the issuance of the Bonds is EUR 100,000. Any trading of the Bonds shall be made in compliance with all applicable laws and regulations.
- (d) Provided that the Incurrence Test is met (tested pro forma including such financial indebtedness) 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. 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, subject to the priority ranking of any Super Senior RCF and except for those obligations which are mandatorily preferred by law, and without any preference among them.
- (f) The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (g) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

3. Use of Proceeds

The purpose of the Bond Issue is to (i) repay the Vendor Loan, and (ii) finance Transaction Costs.

4. Conditions Precedent

4.1 The Escrow Account

The Net Proceeds shall be transferred to the Escrow Account. The Escrow Account will be pledged in favour of the Trustee and the Bondholders (represented by the Trustee). The pledge over the Escrow Account shall be released when the Conditions Precedent for Disbursement have been fulfilled pursuant to Clause 4.2 below.

4.2 Disbursement of the Net Proceeds from the Initial Bonds

- (a) The payment of the Net Proceeds to the Escrow Account is subject to the Trustee having received documents and evidence of the Escrow Account Pledge Agreement being duly executed and perfected in accordance with its terms.
- (b) The Issuer shall provide, or procure the provision of, to the Trustee the following documents and evidence:
 - (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 Trustee);
 - (ii) evidence that the Finance Documents have been duly executed by all parties thereto;
 - (iii) an agreed form Compliance Certificate;
 - (iv) copies of the Security Documents, duly executed, and evidence that the documents and other evidences to be delivered pursuant the Security Documents will be delivered as soon as practicably possible following disbursement of the Net Proceeds from the Initial Bond Issue from the Escrow Account;
 - (v) evidence that the Vendor Loan will be repaid immediately following disbursement of the Net Proceeds for the Initial Bond Issue from the Escrow Account and/or that any part not so repaid will be subordinated in relation to the Bonds in any insolvency scenario, provided that it must be repaid within three (3) months following disbursement of the Net Proceeds from the Escrow Account; and
 - (vi) legal opinion(s) issued by a reputable law firm on (i) the capacity and authority of any party to the Finance Document not being incorporated in Sweden and (ii) the validity and enforceability of the Finance Documents not governed by the laws of Sweden.
- (c) The Trustee may assume that the documentation and evidence delivered to it pursuant to Clause 4.2(b) is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Trustee does not have to verify or assess the contents of any such documentation and evidence. The Trustee does not have any obligation to review the document and evidence referred to in Clause 4.2(b) above from a legal or commercial perspective of the Bondholders.

- (d) When the Trustee is satisfied that it has received the conditions precedent for disbursement set out in Clause 4.2(b), the Trustee shall instruct the bank (with which NT Services AS holds the Escrow Account) to transfer the funds from the Escrow Account, in accordance with a funds flow memorandum which is provided by the Issuer.
- (e) If the documentation and evidence delivered pursuant to Clause 4.2(b) have not been fulfilled within 30 days from the First Issue Date, the Issuer shall redeem the Bonds at a price equal to 100 per cent. of the Nominal Amount together with accrued but unpaid interest and the funds on the Escrow Account shall in such case be applied to redeem the Bonds on behalf of the Issuer. Any shortfall shall be covered by the Issuer.

5. Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Bonds will be registered in dematerialised form in the CSD according to the relevant securities registration legislation and the requirements of the CSD Registration requests relating to the Bonds shall be directed to Paying Agent or an Account Operator.
- (b) In order to carry out its functions and obligations under these Terms and Conditions, the Agent will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD.
- (c) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.

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 or other proof of authorisation 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 or proof of authorisation.
- (c) The Trustee 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 the Trustee has actual knowledge to the contrary.

7. Payments in Respect of the Bonds

- (a) The Issuer will unconditionally make available to or to the order of the Agent and/or the Paying Agent all amounts due on each payment date pursuant to the terms of these Terms and Conditions at such times and to such accounts as specified by the

Agent and/or the Paying Agent in advance of each payment date or when other payments are due and payable pursuant to these Terms and Conditions.

- (b) All payments to the Bondholders in relation to the Bonds shall be made to each Bondholder registered as such in the CSD at the relevant Record Date, by, if no specific order is made by the Agent, crediting the relevant amount to the bank account nominated by such Bondholder in connection with its securities account in the CSD.
- (c) If a payment date to the Bondholders pursuant to the Finance Documents falls on a day on which either of the relevant CSD settlement system or the relevant currency settlement system for the Bonds are not open, the payment shall be made on the first following possible day on which both of the said systems are open, unless any provision to the contrary have been set out for such payment in the relevant Finance Document.
- (d) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 8(d) during such postponement.
- (e) If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware that the payment was being made to a person not entitled to receive such amount.
- (f) 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.
- (g) Notwithstanding anything to the contrary in these Terms and Conditions, the Bonds shall be subject to, and any payments made in relation thereto shall be made in accordance with, the rules and procedures of the CSD.

8. Interest

- (a) Each Initial Bond carries Interest at the Interest Rate from (and including) the First Issue Date up to (but excluding) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (and including) the Interest Payment Date falling immediately prior to its issuance up to (but excluding) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (d) If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from (and including) the due date up to (but excluding) the date of actual payment at a rate which is two (2) per cent. higher than the Interest Rate for such Interest Period. Accrued default

interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Trustee 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 Redemption Date with an amount per Bond equal to the Outstanding Nominal Amount together with accrued but unpaid Interest. If the Final Redemption 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 prepayment

- (a) The Issuer may make partial redemptions of Bonds in an amount per fiscal year corresponding to a maximum of five (5) per cent. of the aggregate Nominal Amount as of the First Issue Date at a price equal the redeemed percentage of the Nominal Amount (rounded down to the nearest EUR 100) plus (a) a premium on the redeemed amount as set forth in the Call Option Amount for the relevant period, and shall for the non-call period until the First Call Date be the premium set forth in (b) of the Call Option Amount, together with accrued but unpaid interest.
- (b) Partial redemption shall reduce the aggregated Nominal Amount of Bonds held by each Bondholder on a *pro rata* basis in accordance with the applicable regulations and procedures of the CSD.
- (c) Partial repayment accordance with Clause 9.3(a) shall be made by the Issuer giving not less than 20 Business Days' notice and the repayment shall be made on the immediately following Interest Payment Date.

9.4 Equity Claw Back

- (a) The Issuer may at one occasion, in connection with an Equity Listing Event, repay up to 30 per cent of the total aggregate Nominal Amount of the Bonds outstanding from time to time at a price equal the repaid percentage of the Nominal Amount (rounded down to the nearest EUR 100) plus (i) a premium on the repaid amount as set forth in the Call Option Amount for the relevant period and, (b) accrued but unpaid interest on the repaid amount.
- (b) The repayment must occur on an Interest Payment Date within 180 days after such initial public offering and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such offering (net of fees, charges and commissions actually incurred in connection with such offering and net of taxes paid or payable as a result of such offering).

- (c) Partial redemption shall reduce the aggregated Nominal Amount of Bonds held by each Bondholder on a *pro rata* basis in accordance with the applicable regulations and procedures of the CSD.
- (d) Partial repayment accordance with Clause 9.4(a) shall be made by the Issuer giving not less than 20 Business Days' notice and the repayment shall be made on the immediately following Interest Payment Date.

9.5 Voluntary total redemption (call option)

- (a) The Issuer may redeem early all, but not some only, of the Bonds on any Business Day before the Final Redemption Date. The Bonds shall be redeemed at the applicable Call Option Amount together with accrued but unpaid interest.
- (b) Redemption in accordance with Clause 9.5(a) shall be made by the Issuer giving not less than twenty (20) Business Days' notice prior to the relevant Redemption Date to the Bondholders and the Trustee. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

9.6 Mandatory repurchase due to a Change of Control Event (put option)

- (a) Upon a Change of Control Event occurring that has not been waived by the Bondholders in accordance with these terms and conditions each Bondholder shall have the right to request that all of its Bonds be repurchased at a price per Bond equal to 101.00 per cent. of the Outstanding Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) Business 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 repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 11.1(b). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 9.6(a).

9.7 General

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

10. Transaction Security

10.1 Granting of the Transaction Security

- (a) As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer grant on the First Issue Date the Transaction Security and the Guarantors grant the Guarantee to the Secured Parties as represented by the Security Agent on the terms set out in the Security Documents and the Guarantee Agreement.
- (b) The Security Agent shall hold the Transaction Security and the Guarantee on behalf of the Secured Parties in accordance with the Security Documents and the Intercreditor Agreement (if any). The Issuer shall enter into the Security Documents and the Guarantee Agreement and perfect the Transaction Security in accordance with the Security Documents.
- (c) Subject to the terms of the Intercreditor Agreement (if any), unless and until the Trustee has received instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*), the Security Agent shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Security Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security and/or the Guarantee, creating further Security or Guarantee for the benefit of the Bondholders or for the purpose of settling the Bondholders', the Working Capital Facility Provider's or the Issuer's rights to the Transaction Security and/or the Guarantee, 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.
- (d) The Trustee shall be entitled to give instructions relating to the Transaction Security and the Guarantee to the Security Agent in accordance with the Intercreditor Agreement (if any).

10.2 Release of Security and Guarantee

The Security Agent may at any time, acting on instructions of the Working Capital Facility Provider (if the Working Capital Facility Provider has entered into the Intercreditor Agreement (if any)) and the Trustee (acting on behalf of the Bondholders), release Transaction Security and the Guarantee in accordance with the terms of the Security Documents, the Guarantee Agreement and the Intercreditor Agreement (if any). For the avoidance of doubt any Transaction Security or Guarantee will always be released *pro rata* between the Bondholders and the Working Capital Facility Provider (if any) and the remaining Transaction Security will continue to rank *pari passu* between the Bondholders and the Working Capital Facility Provider (if any) as set forth in the Security Documents, the Guarantee Agreement and the Intercreditor Agreement (if any).

10.3 Enforcement of Security and Guarantee

- (a) The Trustee and/or the Security Agent may only take any action to accelerate or enforce any Transaction Security or Guarantee in accordance with the terms of the Intercreditor Agreement (if any) or otherwise in accordance with these Terms and Conditions. The Intercreditor Agreement (if any) will contain a stand-still provision

(binding upon the Bondholders) relating to the enforcement of the Transaction Security and the Guarantee.

- (b) Upon an enforcement of the Transaction Security and/or the Guarantee, the proceeds shall be distributed in accordance with Clause 15 (*Distribution of Proceeds*).
- (c) All security and/or guarantees or arrangement having similar effects may be released by the Security Agent, without the need for any further referral to or authority from anyone, upon any enforcement provided that the proceeds are distributed in accordance with the provisions set out in the Intercreditor Agreement (if any) or otherwise in accordance with these Terms and Conditions.

11. Information to Bondholders

11.1 Information from the Issuer

- (a) The Issuer will make the following information available to the Bondholders by way of press release and by publication on the website of the Issuer:
 - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the Group's annual audited consolidated financial statements for that financial year and the Issuer's annual audited consolidated financial statements for that financial year, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
 - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors; and
 - (iii) as soon as the same become available, but in any event within two (2) months after the end of each financial year, the year-end report.
- (b) When the Bonds have been listed, the reports referred to in Clause 11.1(a)(i) and Clause 11.1(a)(ii) shall be made available in accordance with IFRS and made available in accordance with the rules and regulations of the relevant Regulated Market (as amended from time to time), the Swedish Securities Markets Act (*Iag (2007:582) om värdepappersmarknaden*) (if applicable) and the Norwegian Securities Trading Act of 2007 no.75 (if applicable).
- (c) The Issuer shall immediately notify the Bondholders and the Trustee upon becoming aware of the occurrence of a Change of Control Event.
- (d) 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 Trustee.
- (e) The Issuer shall supply the Trustee with a Compliance Certificate in connection with (i) the incurrence of debt defined in Permitted Debt item (g), (ii) the making of a

Restricted Payment, (iii) a clean down of the Working Capital Facility, and (vi) the Trustee's request, within twenty (20) days from such request

- (f) The Trustee may assume that any information provided by the Issuer in the Compliance Certificate is correct, and the Trustee shall not be responsible or liable for the adequacy, accuracy or completeness of such information.
- (g) The Issuer shall promptly notify the Trustee (with full particulars) when the Issuer is or becomes aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Trustee with such further information as it may reasonably request in writing following receipt of such notice. Should the Trustee not receive such information, the Trustee is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Trustee does not have actual knowledge of such event or circumstance.
- (h) The Issuer is only obliged to inform the Trustee according to this Clause 11.1 if informing the Trustee 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 Trustee, in order to be able to timely inform the Trustee according to this Clause 11.1.
- (i) When and for as long as the Bonds are listed, the financial reports mentioned in paragraph 11.1(a)(i) and 11.1(a)(ii) above shall be prepared in accordance with IFRS and made available in accordance with the rules and regulations of Nasdaq Stockholm (as amended from time to time) and the Swedish Securities Market Act.

11.2 Information from the Trustee

Subject to the restrictions of any applicable law and regulation, the Trustee 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 Trustee 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 Issuer and the Trustee.
- (b) The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Trustee during normal business hours.

12. Incurrence Test and Distribution Test

12.1 Incurrence Test

The Incurrence Test is met if:

- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than 3.00x; and
- (b) no Event of Default is continuing or would occur upon the incurrence of new Financial Indebtedness.

12.2 Distribution Test

The Distribution Test is met if:

- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than 2.50x; and
- (b) no Event of Default is continuing or would occur upon the Restricted Payment.

12.3 Testing

The calculation of the ratio of Net Interest Bearing Debt to EBITDA 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 a Restricted Payment. 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). The cash position shall be measured on the relevant testing date so determined reduced with the relevant Restricted Payment. EBITDA shall be calculated as set out below.

12.4 Adjustments

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

- (a) 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; and
- (b) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, pro forma, for the entire Reference Period.

13. General Undertakings

13.1 General

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

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 loans and group contributions to the Issuer or a Subsidiary of the Issuer);
 - (ii) repurchase any of its own shares;
 - (iii) redeem its share capital or other restricted equity with repayment to shareholders;
 - (iv) grant any loans (other than to the Issuer or a wholly-owned Subsidiary of the Issuer);
 - (v) repay any Shareholder Loans, 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 Subsidiary of the Issuer) ((i)-(vi) each being a "**Restricted Payment**").

Notwithstanding the above, the Issuer shall (A) be permitted to repay the Vendor Loan, (B) be permitted to make payments covering, *inter alia*, annual monitoring fees and administrative expenses, in a maximum aggregate amount of GBP 500,000 per annum, provided that no Event of Default is continuing or would occur due to such Restricted Payment, and (C) make a Restricted Payment if, at the time of the payment, the Distribution Test is met (calculated on a pro forma basis including the relevant Restricted Payment).

13.3 Listing

- (a) The Issuer shall ensure (i) that the Initial Bonds are listed on the corporate bond list of Nasdaq Stockholm, within 12 months of the First Issue Date; (ii) any Subsequent Bonds are listed on the corporate bond list of Nasdaq Stockholm 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 after 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 the corporate bond list of Nasdaq Stockholm, continue being listed thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).
- (b) The Issuer shall further use its reasonable endeavours to procure that the Bonds are listed on the Open Market of the Frankfurt Stock Exchange as soon as reasonably possibly after the Issue Date and remain listed on such exchange until the Bonds have been redeemed in full.

13.4 Nature of Business

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group if such substantial change would have a Material Adverse Effect.

13.5 Financial Indebtedness

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

13.6 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 or of all or substantially all of its or that Group Company's assets, or operations to any person not being the Issuer or any of its wholly-owned Group Companies, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect.

13.7 Dealings with Related Parties

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

13.8 Clean Down Period

The Issuer shall procure that during each calendar year there shall be a period of ten (10) consecutive days during which the amount outstanding under the Working Capital Facility, less Cash and Cash Equivalents of the Group, amounts to zero (0) or less. Not less than three (3) months shall elapse between two such periods. The clean down shall be confirmed in a Compliance Certificate.

13.9 Negative Pledge

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

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, or (ii) in the ordinary course of business.

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 Other Obligations

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

14.3 Cross-acceleration

Any Financial Indebtedness of a Material Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Clause 14.3 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.

14.4 Insolvency

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

14.5 Insolvency Proceedings

- (a) Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith or which 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:
 - (i) 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
 - (ii) 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.

14.6 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 (i) a merger subject to existing security between Subsidiaries shall not be an Event of Default and (ii) a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and (iii) provided that the Issuer may not be demerged.

14.7 Creditors' Process

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

14.8 Impossibility or Illegality

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

14.9 Continuation of the Business

The Issuer or any other 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) Subject to the terms of the Intercreditor Agreement (if any), upon the occurrence of an Event of Default which is continuing the Trustee is entitled to, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not only some, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Trustee determines (but such date may not fall after the Final Redemption Date), and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) The Trustee 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 Trustee shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Trustee received actual knowledge of that an Event of Default has occurred and is continuing. The Trustee shall, within twenty (20) Business Days of the date on which the Trustee received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Trustee decides not to accelerate the Bonds, the Trustee shall promptly seek instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*). The Trustee shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.

- (d) If the Bondholders instruct (representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such instruction may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Trustee and shall, if made by several Bondholders, be made by them jointly)) the Trustee to accelerate the Bonds, the Trustee shall, provided that the provisions of the Intercreditor Agreement (if any) has been complied with, promptly declare the Bonds due and payable and take such actions as, in the opinion of the Trustee, may be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) In the event of an acceleration of the Bonds in accordance with this Clause 14.10, the Issuer shall redeem all Bonds at an amount per Bond equal to the Outstanding Nominal Amount together with a premium on the due and payable amount as set forth in the Call Option Amount for the relevant period and, be the price set out in paragraph (b) of the Call Option Amount definition (plus accrued and unpaid Interest).

15. Distribution of Proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (*Events of Default and Acceleration of the Bonds*) and any proceeds received from an enforcement of the Transaction Security shall in the case of Guarantees to the extent proceeds from the Guarantees can be applied towards satisfaction of the Secured Obligations be distributed in accordance with the terms of the Intercreditor Agreement (if any) or otherwise in the following order of priority:
 - (i) *first*, in or towards payment of the Trustee in its capacity as bond agent or Security Agent under the Finance Documents or related documents, including all costs and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights under the Finance Documents;
 - (ii) *secondly*, towards payment of accrued interest unpaid under the Bonds;
 - (iii) *thirdly*, towards payment of principal under the Bonds; and
 - (iv) *fourthly*, in or towards payment of any other costs or outstanding amounts under and the Bonds.

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

- (b) Funds that the Trustee receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security and/or the Guarantee shall constitute escrow funds (*Sw. redovisningsmedel*) and must be promptly turned over to the Security Agent to be applied in accordance with this Clause 15 as soon as reasonably practicable.

16. Decisions by Bondholders

- (a) A request by the Trustee for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Trustee) 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 Trustee 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 Trustee and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Trustee. The person requesting the decision may suggest the form for decision making, but if it is in the Trustee'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 Trustee 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 Trustee that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws or regulations.
- (d) Only a person who is, or who has been provided with a power of attorney or other proof of authorisation 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 18(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.
- (e) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds ($66 \frac{2}{3}$) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):
- (i) waive a breach of or amend an undertaking set out in Clause 13 (*General Undertakings*);
 - (ii) a release of the Transaction Security or the Guarantee, except in accordance with the terms of the Security Documents, the Guarantee Agreement or the Intercreditor Agreement (if any);

- (iii) reduce the principal amount, interest rate or interest amount which shall be paid by the Issuer;
 - (iv) amend any payment day for principal or interest amount or waive any breach of a payment undertaking, or
 - (v) amend the provisions regarding the majority requirements under the Terms and Conditions.
- (f) Any matter not covered by Clause 16(e) shall require the consent of Bondholders representing more than fifty (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)(iii))), an acceleration of the Bonds or the enforcement of any Transaction Security.
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (20) per cent. of the 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.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Trustee or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17(a)) or initiate a second Written Procedure (in accordance with Clause 18(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 16(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Trustee, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Trustee, under the Finance Documents shall be subject to the Issuer's or the Trustee's consent, as appropriate.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- (k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (l) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present

or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.

- (m) All reasonable costs and expenses incurred by the Issuer or the Trustee for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Trustee, shall be paid by the Issuer.
- (n) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Trustee provide the Trustee with a certificate specifying the number of Bonds owned by Group Companies and Affiliates, irrespective of whether such person is directly registered as owner of such Bonds. The Trustee shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company.
- (o) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Issuer and the Trustee, 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 Trustee, as applicable.

17. Bondholders' Meeting

- (a) The Trustee shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Trustee, it may convene a Bondholders' Meeting in accordance with Clause 17(a) with a copy to the Trustee. After a request from the Bondholders pursuant to Clause 20.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 17(a).
- (c) The notice pursuant to Clause 17(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders), (iv) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Trustee may prescribe such further regulations regarding the convening and holding of a Bondholders'

Meeting as the Trustee may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

18. Written Procedure

- (a) The Trustee shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Trustee, it may send a communication in accordance with Clause 18(a) to each Bondholder with a copy to the Trustee.
- (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(e) and 16(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16(e) or 16(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

19. Amendments and Waivers

- (a) Subject to the terms of the Intercreditor Agreement (if any), the Issuer and the Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
 - (i) the Trustee is satisfied that such amendment or waiver is not detrimental to the interest of the Bondholders as a group;
 - (ii) the Trustee is satisfied that such amendment or waiver is made solely for the purpose of rectifying obvious errors and mistakes;
 - (iii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
 - (iv) such amendment will not negatively affect the Bondholders or the Trustee and is necessary for the purpose of the listing of the Bonds pursuant to Clause 13.3 (*Listing*); or
 - (v) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).

- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- (c) The Trustee shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 19(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.3 (*Publication of Finance Documents*).
- (d) The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- (e) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Trustee, as the case may be.

20. Appointment and Replacement of the Trustee and the Security Agent

20.1 Appointment of Trustee and the Security Agent

- (a) By subscribing for Bonds, each initial Bondholder appoints:
 - (i) the Trustee and/or Security Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises each of the Trustee and the Security Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security; and
 - (ii) confirms the appointment under the Intercreditor Agreement (if any) of the Security Agent to act as its agent in all matters relating to the Transaction Security, the Security Documents, the Guarantee and the Guarantee Agreement, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security and the Guarantee and acknowledges and agrees that the rights, obligations, role of and limitations of liability for the Security Agent is further regulated in the Intercreditor Agreement (if any).
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Trustee and the Security Agent to act on its behalf, as set forth in Clause 20.1(a).
- (c) Each Bondholder shall immediately upon request provide the Trustee and the Security Agent with any such documents, including a written power of attorney or other proof of authorization (in form and substance satisfactory to the Trustee or the Security Agent, as applicable), that the Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. Neither the Trustee 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 Trustee and the Security Agent with any documents and other assistance (in form and substance satisfactory to the Trustee and the Security Agent, as applicable), that the Trustee and 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 Trustee and the Security Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Trustee's and the Security Agent's obligations as Trustee and the Security Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) Each of the Trustee and the Security Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

20.2 Duties of the Trustee and the Security Agent

Subject to the provisions of the Intercreditor Agreement (if any):

- (a) each of Trustee and the Security Agent shall represent the Bondholders in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security and the Guarantee pursuant to the Security Documents and the Guarantee Agreement on behalf of the Bondholders and, where relevant, enforcing the Transaction Security and/or the Guarantee on behalf of the Bondholders. Neither the Trustee nor the Security Agent is responsible for the content, valid execution, legal validity, perfection or enforceability of the Finance Documents;
- (b) when acting in accordance with the Finance Documents, the Trustee and the Security Agent is always acting with binding effect on behalf of the Bondholders. The Trustee 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 Trustee's and the Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Trustee and the Security Agent only acts in accordance with the Finance Documents and upon instructions from the Bondholders, unless otherwise set out in these Terms and Conditions. In particular, the Trustee and the Security Agent is not acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other person;
- (d) neither the Trustee 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 Terms and Conditions and the other Finance Documents, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, each of the Trustee and the Security Agent is entitled to assume that no Event of Default has occurred;
- (e) each of Trustee and the Security Agent is entitled to delegate its duties to other professional parties, but the Trustee and the Security Agent shall remain liable for the actions of such parties under the Finance Documents;

- (f) each of the Trustee 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 Trustee and the Security Agent is entitled to engage external experts when carrying out its duties as agent or security agent under the Finance Documents. The Issuer shall on demand by the Trustee 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 Trustee and/or the Security Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Trustee and/or the Security Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents or (iii) as otherwise agreed between the Trustee and/or the Security Agent and the Issuer. Any compensation for damages or other recoveries received by the Trustee 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 Trustee 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 Trustee's or the Security Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Trustee and/or the Security Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, or the Bondholders (as applicable), the Trustee and the Security Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require;
- (j) unless it has actual knowledge to the contrary, the Trustee 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; and
- (k) each of the Trustee 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 Trustee and/or the Security Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 20.2(i).

20.3 Limited liability for the Trustee and the Security Agent

Subject to the provisions of the Intercreditor Agreement (if any):

- (a) neither the Trustee nor the Security Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. Neither the Trustee nor the Security Agent shall never be responsible for indirect loss;

- (b) neither the Trustee nor the Security Agent shall be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts or if the Trustee and/or the Security Agent has acted with reasonable care in a situation when the Trustee and/or the Security Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders;
- (c) neither the Trustee 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 the Trustee and/or the Security Agent to the Bondholders, provided that the Trustee and/or the Security Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Trustee and/or the Security Agent for that purpose;
- (d) neither the Trustee nor the Security Agent shall have any liability to the Bondholders or the Issuer for damage caused by the Trustee and/or the Security Agent when acting in accordance with instructions of the Bondholders given to the Trustee and/or the Security Agent in accordance with the Terms and Conditions;
- (e) any liability towards the Issuer which is incurred by the Trustee 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; and
- (f) the Trustee is not liable for information provided to the Bondholders by or on behalf of the Issuer or by any other person.

20.4 Replacement of the Trustee and the Security Agent

Subject to the provisions of the Intercreditor Agreement (if any):

- (a) and, subject to Clause 20.4(f), each of the Trustee and the Security Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Trustee and/or the Security Agent at a Bondholders' Meeting convened by the retiring Trustee or by way of Written Procedure initiated by the retiring Trustee.;
- (b) and, subject to Clause 20.4(f), if the Trustee and/or the Security Agent is Insolvent, the Trustee and/or the Security Agent shall be deemed to resign as Trustee and/or the Security Agent and the Issuer shall within ten (10) Business Days appoint a successor Trustee 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 Trustee and/or the Security Agent and appointing a new Trustee and/or a new Security Agent. The Issuer may, at a Bondholders' Meeting convened by

it or by way of Written Procedure initiated by it, propose to the Bondholders that the Trustee and/or the Security Agent be dismissed and a new Trustee appointed and/or a new Security Agent;

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

21. Appointment and Replacement of the Paying Agent

- (a) The Issuer appoints the Paying Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- (b) The Paying Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution

approved by the CSD accedes as new Paying Agent at the same time as the old Paying Agent retires or is dismissed. If the Paying Agent is Insolvent, the Issuer shall immediately appoint a new Paying Agent, which shall replace the old Paying Agent as paying agent in accordance with these Terms and Conditions.

22. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security and the Guarantor to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 22(a) shall not apply if (i) the Trustee has been instructed by the Bondholders in accordance with these Terms and Conditions to take certain actions but is legally unable to take such actions or (ii) the Security Agent has been instructed by the Instructing Group (as defined in the Intercreditor Agreement (if any)) in accordance with the Intercreditor Agreement (if any) to enforce the Transaction Security and/or Guarantee but is legally unable to take such enforcement actions.

23. Prescription

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.
- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *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.

24. Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
 - (i) if to the Trustee, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch, or, if sent by email by the Issuer, to the email address notified by the Trustee to the Issuer from time to time;
 - (ii) if to the Issuer, to the following address:

- (A) Springvale Park Industrial Estate, West Midlands, WV140QL, United Kingdom; or
 - (B) if sent by email by the Trustee, to the email address notified by the Issuer to the Trustee from time to time.
- (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery (to the extent it is possible to deliver by way of courier to the addresses registered with the CSD) or letter for all Bondholders.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Trustee.
- (c) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 24(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 24(a) or, in case of email, when received in readable form by the email recipient.

25. Force Majeure and Limitation of Liability

- (a) Neither the Trustee nor the Paying Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Trustee or the Paying Agent itself takes such measures, or is subject to such measures.
- (b) The Paying Agent shall have no liability to the Bondholders if it has observed reasonable care. The Paying Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Trustee or the Paying Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 25 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

26. Governing Law and Jurisdiction

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

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