

**PROSPECTUS  
FOR  
BILIA AB (PUBL)  
UP TO SEK 1,500,000,000  
SENIOR UNSECURED FLOATING RATE BONDS  
ISIN: SE0011751361**



**9 November 2018**

**Issuing agent:**

**DNB Bank ASA, filial Sverige**

## IMPORTANT INFORMATION

This prospectus (the “**Prospectus**”) has been prepared by Bilia AB (publ), a public limited liability company incorporated in Sweden, having its headquarters located at the address Norra Långebergsgatan 3, 421 32 Västra Frölunda, Sweden, with reg. no. 556112-5690 (the “**Company**”, “**Bilia**” or the “**Issuer**”) (together with its subsidiaries unless otherwise indicated by the context, “**Bilia Group**”), in relation to the application for listing of the up to SEK 1,500,000,000 senior unsecured floating rate bonds with ISIN: SE0011751361 (the “**Bonds**”) on Nasdaq Stockholm AB (“**Nasdaq Stockholm**”). DNB Bank ASA, filial Sverige has acted as issuing agent in connection with the issue of the Bonds (the “**Issuing Agent**”) and DNB Bank ASA, filial Sverige and Nordea Bank Abp, filial i Sverige has acted as arrangers and joint bookrunners. 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 (bilias.se). Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds in this Prospectus (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. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, any references made to “**EUR**” and “**Euro**” 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 and references to “**SEK**” refer to Swedish krona. Investing in bonds is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each investor should: (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Bonds, (ii) the merits and risks of investing in the Bonds, and (iii) the information contained or incorporated by reference in the Prospectus or any supplements; (b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in the Bonds and the impact that such investment will have on the investor's overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency; (d) understand thoroughly the Terms and Conditions and the other Finance Documents and be familiar with the behaviour of any relevant indices and financial markets; and (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

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

Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, the administrator of STIBOR is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.

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## **Risk factors**

*Investing in the Bonds involves inherent risks. The financial performance of Bilia Group and the risks associated with its business are important when making a decision on whether to invest in the Bonds. A number of risk factors and uncertainties adversely affect Bilia Group. If any of these risks or uncertainties occurs, the business, operating results and financial position of Bilia Group could be materially and adversely affected, which ultimately could affect the Company's ability to make payments of interest and repayments of principal under the Terms and Conditions. In this section, a number of risk factors are illustrated, namely general risks pertaining to Bilia Group's business operations and material risks relating to the Bonds as financial instruments. The risks described below are not the only risks to which Bilia Group and the Bondholders may be exposed. Additional risks that are not currently known to Bilia Group, or that Bilia Group currently believes are immaterial, may also adversely affect Bilia Group's business, results of operations or financial condition. Such risks could also adversely affect the price of the Bonds and the Company's ability to service its debt obligations. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this document and make an independent evaluation before making an investment decision.*

### **Risks related to the Company and Bilia Group**

#### **1.1 Market trends**

Demand for Bilia Group's products and services are influenced by fluctuations in the business cycle. The pattern of demand and the market trend are affected by several general factors outside Bilia Group's control such as the labour market situation, stock market performance, opportunities for customers to obtain financing, interest rates and fuel prices. In the event of an economic downturn, there is a risk that Bilia Group's customers choose to postpone or cancel their car purchase. Consequently, there is a risk that Bilia Group's sales and earnings are adversely affected by a negative economic trend. Further, there is a risk that reduced demand for cars also negatively affect the value of cars in stock and cars sold with guaranteed residual values. Moreover, in the event of a deep economic downturn, there is a risk that Bilia Group's car service business is also negatively affected, causing Bilia Group's sales and earnings to decrease.

If the market trend risks are materialised, Bilia Group will not be able to maintain its historic sales, or its current profitability level and the business activities, earnings and financial position will be negatively affected.

#### **1.2 Basis of representation**

Bilia Group's core business consists of distribution and servicing of cars and transport vehicles in Sweden, Norway, Germany, Luxembourg and Belgium. Since June 2013, there are no longer any special rules governing competition for new car sales in the EU.

Changes in the regulatory framework have led to changes in the competitive situation for Bilia Group in cases where manufacturers or general agents have chosen to renegotiate the agreements. Due to this renegotiation process, Bilia Group's potential for growth in the car business is dependent on the approval of the respective general agent. There is a risk that a manufacturer or a general agent will decide to revoke the authorisation and cancel the agreements, or even become insolvent, leading to uncertainties in the market causing Bilia Group's business activities, earnings and financial position to be adversely affected.

Volvo Car is Bilia Group's largest business partner, but during the last years also BMW and Toyota have been added as significant business partners within the Bilia Group. The relationship to these business partners or another general agent can have a significant influence on Bilia Group's business. There is a risk that a business partner or another general agent will decide to terminate the agreement with Bilia Group or become insolvent, with loss of income and for Bilia Group as a result.

### **1.3 Alternative sales channels**

Bilia Group mainly operates through its facilities and has a personal contact with the customer in the sale of cars and services. During the year 2017, digital sales channels to approach the customers directly were established by some general agents/manufacturers in a small scale. There is a risk that Bilia Group fails to adapt to the development towards alternative sales channels, and consequently, loses market shares causing Bilia Group's business activities, earnings and financial position to be adversely affected.

### **1.4 Development of own services**

Bilia Group's business is dependent on Bilia Group's ability to develop services that appeal to Bilia Group's customers. The development work requires resources. Bilia Group's ability to develop such new services is reliant on that Bilia Group has the size, structure and financial strength that are required. Should Bilia Group not be able to quickly and cost-efficiently adapt to the development of new services, there is a risk that Bilia Group loses competitiveness and market shares, in turn causing Bilia Group's business activities, earnings and financial position to be adversely affected.

### **1.5 Premises**

Bilia Group leases virtually all its premises. As a tenant, Bilia Group always runs the risk of not having its lease renewed at the end of the rental period, which would lead to loss of strategic business locations and additional costs for Bilia Group. Further, in the event contamination should be discovered at any of Bilia Group's premises, Bilia Group may be held responsible for decontamination of the premise. Decontamination may be associated with considerable costs and if the risk is materialised, Bilia Group's earnings and financial position will be adversely affected.

## **1.6 Dependency on subsidiaries**

The Company is the ultimate parent company in Bilia Group and does not conduct any income generating business operations of its own. The Company's ability to make required payments of interest on its debts and funding is thus affected by the ability of its subsidiaries to transfer available cash resources to it. The transfer of funds to the Company from its subsidiaries may be restricted or prohibited by legal and contractual requirements applicable to the respective subsidiaries. There is a risk that limitations or restrictions on the transfer of funds between companies within Bilia Group becomes more restrictive in the event that Bilia Group experiences difficulties with respect to liquidity and its financial position. If run, there is a risk that this would negatively affect Bilia Group's operations, financial position and earnings and consequently, the performance of the Company under the Bonds.

## **1.7 Key employee dependency**

The Bilia Group has several key employees in leading positions. They contribute with high expertise and long experience, which is important for the development of Bilia Group's operations. If one or more of these key employees leave Bilia Group, there is a risk that Bilia Group's business, results and financial status are adversely affected.

Moreover, several of Bilia Group's employees are directly or indirectly involved in the development of new services and products. If Bilia Group fails to attract and / or retain qualified employees, there is a risk this will have a negative impact on Bilia Group's operations, performance and financial status.

## **1.8 Competitiveness and technological development of the products**

Bilia Group is dependent on the ability of Bilia Group's business partners to develop competitive products, particularly cars, that incorporate the latest technology advances, for example with regards to fuel alternatives. Bilia Group's current business partners such as general agents currently offer several different fuel options.

Should the products not meet the requirements of the market, or if the business relationship with one or more of Bilia Group's business partners should cease, or the preferences among Bilia Group's customers should change, there is a risk that Bilia Group would have to search for new business partners which may entail additional costs. If the risk is materialised, it will have a negative impact on Bilia Group's financial status and earnings.

Some of Bilia Group's current or future competitors may have greater resources than Bilia Group, and may use these to increase their market share through aggressive pricing strategies. There is a risk that such strategies will lead to Bilia Group being forced to lower its prices to remain competitive and not lose market shares. If Bilia

Group is exposed to increased price competition or loses market shares, it will have a negative impact on Bilia Group's business, results and financial status.

## **1.9 Acquisition**

A part of Bilia Group's strategy is to work actively with the acquisition of companies and businesses. Strategic acquisitions will continue to be a part of Bilia Group's growth strategy in the future. There is a risk that Bilia Group will not be able to identify suitable acquisition targets and/or that Bilia Group will not be able to integrate acquired businesses or that the acquired businesses do not meet performance expectations. Furthermore, there is a risk that the necessary funding for future acquisitions will not be available to Bilia Group on acceptable terms. If any of these risks are materialised, it will have a negative impact on Bilia Group's business, results and financial status.

## **1.10 Risks related to IT systems and processes**

Bilia Group's ability to effectively and securely manage business-critical operations highly depends on its IT systems, including the IT Infrastructure, and processes working well and without interruption. There is a risk, that these systems will be disrupted by, for example, software failures, computer viruses, hacking, ransomware, sabotage and physical damage, and the high pace of change in the overall IT environment introduces increased risks of data breaches. There is a risk that a failure of or major disruption or difficulties in maintaining, upgrading and integrating these systems may lead to a worsened reputation for Bilia Group among its customers, and further, to increased costs, regulatory infringements and fines resulting in reduced profitability for Bilia Group.

In the event that Bilia Group is subject to ransomware attacks, Bilia Group may have to incur significant costs to recover access to its systems. There is a risk that such IT interruptions or similar problems with Bilia Group's IT systems, will affect Bilia Group's operations, financial position and earnings.

## **1.11 Relationship with the unions**

Parts of Bilia Group's workforce are members of, and represented by, various trade unions. There is a risk that conflicts occur between Bilia Group and these unions. If such conflicts were to result in strike or lockout, this could cause interruptions in the product and service offering, which in turn would have a negative impact on Bilia Group's business activities, earnings and financial position.

## **1.12 Warranties**

Bilia Group has warranty obligations to its customers. There is a risk that the allocations made in the current administration of those commitments proves not to be sufficient. If materialised, there is a risk that it will cause a negative impact on Bilia Group's earnings and financial position.

### **1.13 Insurance Risk**

There is a risk that Bilia Group's insurance does not provide adequate coverage in certain circumstances and further, that it is subject to certain deductibles, exclusions, local insurance lack of capacity, no or inadequate local insurance-related estimated maximum loss reporting and limits on coverage. Moreover, there is a risk that Bilia Group will not be able to maintain its current insurance cover on acceptable terms, or at all. If the risk is materialised, Bilia Group will have to bear the full or partial amount of losses, damages and liabilities because of insufficient or deficient insurance coverage, which in turn will have a negative impact on Bilia Group's business, financial condition and earnings.

### **1.14 Legislation and regulation**

Bilia Group's main markets are subject to extensive regulation. There is a risk that Bilia Group's operations is negatively affected by changes in regulations, taxes, custom duties, tariffs, charges and subsidies, price and currency controls, and public law regulations and restrictions in the countries where Bilia Group operates.

Further, should the risk materialise, it may in turn influence both demand for and the valuation of cars in stock and cars sold with guaranteed residual values and other aspects of the business. Consequently, if any of the above risks are materialised, it will result in increased costs for Bilia Group and further, it will have a negative impact on Bilia Group's financial position.

### **1.15 Accounting standards risks**

Bilia Group's accounting, financial statements and internal control may be affected by changes in the application and interpretation of such accounting standards. For example, the International Financial Reporting Standards, IFRS 16 (Leases), which is effective as of 1 January 2019 and replaces the current accounting standard applied by Bilia Group, will impose new requirements regarding the measurement, presentation and the reporting of leases. The application of IFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The main effect of IFRS 16 on the financial statements will be an increase in assets and interest bearing liabilities and effect related key performance indicators as well as an effect on income statement related key performance indicators such as EBITDA. As operating lessees, the Company and Bilia Group will be affected by the adoption of IFRS 16. Calculations of the effect of IFRS 16 and choice of transition methods are under way but not yet completed.

There is a risk that the implementation of IFRS 16, or other future changes that is being made to IFRS or the accounting standards applicable to the Company and/or Bilia Group, will have an impact on the Bilia Group's and/or the Company's financial reporting, its business and financial position.



### **1.16 Risks relating to privacy legislation regarding the processing of personal data**

Bilia Group's operations involves the processing of personal data, which means that Bilia Groups is required to comply with applicable privacy legislation regarding the collection and processing of information primarily related customers and employees of Bilia Group. If Bilia Group is unable to comply with such legislation, sanctions or other penalties may be imposed, which could entail increased costs and reputational damage to Bilia Group.

Since 25 May 2018, the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 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 (General Data Protection Regulation) ("GDPR") has been applicable in all EU member states and has as such replaced previous national personal data legislation. GDPR entails extensive changes to the EU personal data regulation, with a strengthening of individual rights, stricter requirements on companies handling personal data and stricter sanctions with considerable administrative fines. As GDPR has recently entered into force, the long-term effects on Bilia Group's operations may not be fully established yet.

There is a risk that Bilia Group will not be able to ensure compliance of GDPR, in which case the sanctions or other penalties stipulated in GDPR will be applicable.

If the risk is materialised, it will have a material adverse effect on Bilia Group's business, results of operations and financial position.

### **1.17 Negative publicity**

There is a risk that incidents occurring in businesses may come to receive considerable media attention. In turn, there is a risk that such attention could lead to negative publicity for Bilia Group, having a negative impact on Bilia Group's brand and reputation, entailing that existing and potential customers' confidence in Bilia Group is adversely affected. There is a risk that this, in turn, will have a negative impact on Bilia Group's growth, financial position and earnings.

## **Legal risks**

### **1.18 Legal Proceedings**

Bilia Group is not currently a party to any legal procedures or arbitration proceedings that have or have recently had a significant impact on Bilia Group's financial position or profitability. Nor is the board of directors of Bilia Group aware of any circumstances that might lead to such legal procedures or arbitration proceedings.

There is a risk that Bilia Group, or any of its trading partners, in the future becomes involved in legal processes with a negative outcome for Bilia Group, which results in an adverse effect on Bilia Group's operations, results and financial position.

### **1.19 Tax Risks**

Bilia Group operates in multiple tax jurisdictions and may interpret or manage tax-related transactions or calculations incorrectly, which may result in additional tax payments and penalties. If Bilia Group's interpretation of tax laws, treaties and regulations or their applicability is incorrect, if a governmental authority successfully makes negative tax adjustments with regard to an entity of Bilia Group or if the applicable laws, treaties, regulations or governmental interpretations thereof or administrative practice in relation thereto change, including with retroactive effect, Bilia Group's past or current tax positions may be challenged. In the event tax authorities were to succeed with such claims, this could result in an increased tax cost, including tax surcharges and interest which could have a negative impact on the Company and/or Bilia Group's business, results of operations and financial position.

Since the laws, treaties and other regulations on taxation, as well as other financial charges, have historically been subject to frequent changes, further changes are expected in the future, possibly with a retroactive effect. A change in the current tax legislation could result in Bilia Group's facing an increased tax burden which could affect its result and financial position.

On 14 June 2018, the Swedish parliament enacted new and additional interest deduction limitation rules. The law contains, *inter alia*, a general limitation of interest deductions in the corporate sector where the cap for a deduction of net interest expenses is calculated as 30 per cent of tax EBITDA, with certain exceptions. The rules will enter into force on 1 January 2019 and are to be applied for the first time in the financial year beginning after 31 December 2018. Under Swedish tax laws and regulations, interest deductibility is calculated for each legal entity separately and, accordingly, the new law will apply to Swedish entities within the Bilia Group. If Bilia Group's net interest expenses, following the implementation of the legislation, represent a substantial portion in relation to its tax EBITDA, or if any other additional restriction on the deductibility of interest expenses is introduced in Sweden, Bilia Group's tax burden could increase and thus, negatively impact Bilia Group's results of operations and financial position.

### **1.20 Environment**

Bilia Group conducts business which is subject to authorisation according to the environmental code. The business that requires authorisation includes handling of fuels, oils and chemical products as well as sale of fuels, car washes and other establishments with emission of solvents in to the air or water. There is a risk that more stringent environmental requirements will come into force, which could entail higher costs for

Bilia Group. If the risk is materialised, Bilia Group's results of operations and financial position will be adversely affected.

Further, Bilia Group own properties which entail environmental risks. Under Swedish law, a party who has conducted operations which have caused contamination is responsible for remediation of the contaminated property. If such a party is not able to carry out or pay for the remediation of the contaminated property, a party who has later acquired the property, if any, and had knowledge of the contamination at the time of acquisition or is deemed to ought to have detected it, will be liable for remediation. There is a risk that such claims for remediation of properties acquired or possessed by Bilia Group will be put forward to Bilia Group, and that this in turn, will have a materially adverse effect on Bilia Group's financial position and results. Furthermore, changed laws, regulations and requirements from authorities in this regard could result in increased costs for Bilia Group with respect to sanitation or remediation regarding currently held or in the future acquired properties.

## **Financial risks**

### **1.21 Valuation risk**

Bilia Group has assets and liabilities that are initially valued using different expertise, such as *e.g.* goodwill and trademark. The valuation models used for the calculations are complex and thus, give rise to a risk of errors due to incomplete data or the improper design or application of the models. In the event of such an error or incompleteness, there is a risk that Bilia Group's earnings and financial position are adversely affected.

### **1.22 Currency risk**

Bilia Group is exposed to different types of currency risks. The foremost exposure comes from currency risk fluctuations on translation of the assets and liabilities of foreign subsidiaries to the Company's functional currency, called translation exposure. Another exposure that Bilia Group is subject to, is cash flow from loans and investments in foreign currencies, called financial exposure. There is a risk that a future currency fluctuation will have a negative impact on Bilia Group's business, results and financial status.

### **1.23 Interest rate risks**

Interest rate risk is defined as a decrease in profits caused by a change in market interest rates. Bilia Group's sources of funds are primarily equity, cash flow from operating activities and borrowings. Currently Bilia Group's borrowings mainly have floating rate which means that Bilia Group is exposed to interest rate risk. Higher market interest rates would have a negative impact on Bilia Group's financial position and earnings.

## 1.24 Financing and liquidity risk

Bilia Group is exposed to different types of financing risks relating to Bilia Group's existing loans, including debenture loans, and other financial liabilities, such as, for example trade payables and similar liabilities.

The existing credits, for example, include Bilia Group's credit facilities amounting to SEK 1,500,000,000 with DNB Bank ASA, filial Sverige and Nordea Bank Abp, filial i Sverige for which Bilia Group has provided collateral securities. Further, in March 2016, the Company issued unsecured bonds worth SEK 500,000,000 within a total framework of SEK 1,000,000,000. The bond issue matures in five years and carries a floating interest rate of STIBOR (3 months) plus 220 basis points. In addition, in December 2016, the Company issued additional unsecured bonds worth SEK 250,000,000 which carries a variable interest rate of STIBOR (3 months) plus 150 basis points and matures in March 2021. Moreover, in January 2017 the Company issued additional unsecured bonds worth SEK 250,000,000 within a total framework of SEK 1,000,000,000. The bond issue carries a variable interest rate of STIBOR (3 months) plus 140 basis points and matures in March 2021. The total outstanding amount of these previous bonds, excluding the Bonds under this Prospectus, is SEK 1,000,000,000.

Bilia Group's existing loans and financial liabilities, entails a liquidity risk in the sense that there is a risk that Bilia Group, due to lack of liquid funds, cannot fully meet its payment obligations when they fall due or can only do so at very unfavourable terms. If this risk is materialised, Bilia Group's financial position and earnings will be negatively affected.

Moreover, another financing risk is the customer credit risk. Cars sold by Bilia Group are, to a great extent, financed by Volvofinans AB, either through leasing or purchase on credit agreements. Bilia Group's rights and liabilities under the finance agreements are assigned to Volvofinans AB. Should the customer be in default with the payment terms of the finance agreement, Volvofinans AB has a right to reassign the agreement to Bilia Group. Hence, Bilia Group assumes a credit risk if the customer's debt exceeds the residual value of the car. If the risk is materialised, Bilia Group's earnings will be negatively affected.

In addition, to enable acquisitions or to otherwise achieve strategic objectives or maintain the regular business activities, Bilia Group's operations may require additional financial resources in the future. Bilia Group may also need additional financing to refinance debts that become due. Bilia Group's ability to meet future capital requirements is dependent on the successful sale of Bilia Group's products and services. In this respect, general trends on the capital and credit markets are also extremely significant. There is a risk that Bilia Group will not be able to raise the necessary funds. Further, there is a risk that additional financing will not be able to be raised on terms that are favourable for Bilia Group, or that such additional financing, if obtained, will not be sufficient to carry out Bilia Group's strategy. If Bilia Group were to fail to

acquire sufficient financing in the future, there is a risk that Bilia Group is unable to continue its business activities unchanged and as a result, that Bilia Group's financial position and earnings are negatively affected.

### **1.25 Credit risk and counterparty risk**

There is a risk that a counterparty to an agreement will fail to meet its financial obligations. Bilia Group's is subject to exposure to different credit risks, mainly in form of such counterparty risks associated with receivables from banks and other counterparties, incurred in connection with purchases of derivative instruments. If any counterparty to an agreement which is important to Bilia Group fails to meet its financial obligations, it will have a negative impact on Bilia Group's business and earnings.

Further, Bilia Group's customers may default on their obligations, entailing that payment will not be received for trade receivables. Such a risk constitutes a customer credit risk. There is a risk that Bilia Group's customers do not fulfil their obligations towards Bilia Group, and as a consequence, negatively impact Bilia Group's operations, earnings and financial position.

In addition, there is a risk that defaults by, or the insolvency of, certain subsidiaries of the Company results in the obligation of the Company to make payments under parent company guarantees. If the risk is materialised, it would adversely affect the Company's financial position.

## **Risks relating to the Bonds**

### **1.26 Credit risks**

An investment in the Bonds carries a credit risk relating to the Company and Bilia Group. The investor's ability to receive payment under the Terms and Conditions is therefore dependent on the Company's ability to meet its payment obligations, which in turn is largely dependent on the performance of Bilia Group's operations and its financial position. Bilia Group's financial position is affected by several factors, a number of which has been discussed above. There is a risk that an increase of such a credit risk causes the market to charge the Bonds a higher risk premium, which would have an adverse effect on the value of the Bonds. Another aspect of the credit risk is that there is a risk that any deterioration in the financial position of Bilia Group will reduce the possibility for Bilia Group to receive financing and therefore affect the ability to meet interest payments or redemption of the Bonds.

### **1.27 Interest rate risks**

The Bonds have STIBOR as interest base. STIBOR constitutes a benchmark according to the regulation (EU) 2016/1011 (the "Benchmark Regulation") which entered into force on 1 January 2018. The aim of the Benchmark Regulation is to ensure robust

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

In addition, the Bonds’ value depends on several factors, one of the most significant over time being the level of market interest rates. As the market rate of interest is largely dependent on the Swedish and international economic development and the actions of central banks, this is a risk factor which the Company and Bilja Group cannot control. Hence, there is a risk that the market value of the Bonds is adversely affected by changes in market interest rates.

## **1.28 Liquidity Risk**

The Company intends to apply for listing of the Bonds on Nasdaq Stockholm. However, there is a risk that the Bonds will not be admitted to trading on Nasdaq Stockholm. Furthermore, even if securities are admitted to trading on a regulated market, there is not always active trading in the securities. Hence, there is a risk that there will not be a liquid market for trading in the Bonds or that this market will not be maintained even if the Bonds are listed. Consequently, there is a risk that the Bondholders will be unable to sell their Bonds when desired or at a price level which allows for a profit. Moreover, there is a risk that lack of liquidity in the market has an adverse effect on the market value of the Bonds. Furthermore, there is a risk that the nominal value of the Bonds is not indicative of the market price of the Bonds if the Bonds are admitted to trading on Nasdaq Stockholm.

It should also be noted that during a given time period, there is a risk that it will be difficult or impossible to sell the Bonds, at all or on reasonable terms, due to, for example, severe price fluctuations, the relevant market being shut down or trade restrictions imposed on the market.

## **1.29 Currency risks**

The Bonds are denominated and payable in SEK. If bondholders in the Bonds measure their investment return by reference to a currency other than SEK, an investment in the Bonds will entail foreign exchange-related risks due to, among other factors, there is a risk that significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments causes a decrease

in the effective yield of the Bonds below their stated coupon rates and there is a risk that this results in a loss to investors when the return on the Bonds is translated into the currency by reference to which the investors measure the return on their investments. There is a risk that government and monetary authorities impose (as some have done in the past) exchange controls that adversely affect an applicable exchange rate or the ability of the Company to make payments in respect of the Bonds. As a result, there is a risk that investors receive less interest or principal than expected, or no interest or principal.

### **1.30 The market value of the Bonds**

There is a risk that the market price of the Bonds will be subject to significant fluctuations in response to actual or anticipated variations in Bilia Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which Bilia 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, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to Bilia Group's operating results, financial condition or prospects.

### **1.31 Structural subordination and insolvency of subsidiaries**

Almost all assets are owned by and all revenues are generated in subsidiaries of the Company. Thus, the Company is dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to enable it to make payments under the Bonds. The subsidiaries have no obligation to make payments to the Company of any surpluses generated from their business. The subsidiaries' ability to make payments is restricted by, among other things, the availability of funds, corporate restrictions and law.

Furthermore, in the event of insolvency, liquidation or a similar event relating to any of the subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Company, as a shareholder, would be entitled to any payments. In addition, there is a risk that defaults by, or the insolvency of, certain subsidiaries of the Company results in the obligation of the Company to make payments under parent company financial guarantees in respect of such subsidiaries' obligations, which could have a material adverse effect on the Company's business, financial position and results of operations and on the Bondholders' recovery under the Bonds.

### **1.32 Refinancing risk**

Bilia Group may eventually be required to refinance certain or all its outstanding debt, including the Bonds. Bilia Group's ability to successfully refinance its debt is

dependent on the conditions of the capital markets and its financial condition at such time. Bilia Group's access to financing sources may not be available on favourable terms, or at all. Further, Bilia Group's inability to refinance its debt obligations on favourable terms, or at all, will have a significant negative impact on Bilia Group's business, financial condition and earnings and on the Bondholders' recovery under the Bonds.

### **1.33 Preferential rights of creditors – unsecured obligations**

The Bonds represent an unsecured obligation of the Company. This means that in the event of the bankruptcy, reconstruction or winding-up of the Company, the holders of the Bonds normally receive payment after any priority creditors have been paid in full. Each investor should be aware that there is a risk that investors in the Bonds lose all or part of their respective investment if the Company is declared bankrupt, carries out a reconstruction or is wound-up.

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

The Company is required to comply with the Terms and Conditions of the Bonds, including *inter alia*, to pay interest under the Bonds. There is a risk that events beyond the Company's control, including changes in the economic and business conditions in which Bilia Group operates, affects the Company's ability to comply with, among other things, the undertakings set out in the Terms and Conditions. There is a risk that a breach of the Terms and Conditions results in a default under the Terms and Conditions, which could lead to an acceleration of the Bonds, resulting in that the Company must repay the Bondholders in accordance with the Terms and Conditions. In that case, there is a risk that the Company will not have sufficient funds at the time of the repayment to make the required redemption of Bonds.

### **1.35 Risks related to early redemption due to illegality and put option**

Under the Terms and Conditions, the Company has reserved the possibility to redeem all outstanding Bonds before the final maturity date if it is or becomes unlawful for the Company to perform its obligations under the Terms and Conditions or any Finance Document. If the Bonds are redeemed before the final maturity date, the Bondholders have the right to receive hundred (100) per cent of the nominal amount together with accrued but unpaid interest. However, there is a risk that the market value of the Bonds is higher than the redemption amount and that it may not be possible for Bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds, and if they are able to do so there is a risk that they will only be able to do so at a significantly lower rate or higher risk.

According to, and as defined in, the Terms and Conditions, the Bonds are subject to prepayment at the option of each Bondholder (put option) upon the occurrence of a



change of control of the Company, a delisting of the Company or a failure to list the Bonds. There is, however, a risk that the Company does not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Company, *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.

### **1.36 No action against the Company and bondholders' representation**

In accordance with the Terms and Conditions, the agent will represent all Bondholders in all matters relating to the Bonds and the Bondholders are prevented from taking actions on their own against the Company. Consequently, individual Bondholders do not have the right to take legal actions to declare any default by claiming any payment from Bilia Group and there is a risk that they therefore will lack effective remedies unless and until a requisite majority of the Bondholders agree to take such action. However, there is a risk that a Bondholder, in certain situations, brings its own action against Bilia Group (in case of breach of the Terms and Conditions), which could negatively impact an acceleration of the Bonds or other action against Bilia Group. There is also a risk that to enable the agent to represent bondholders in court, the Bondholders must submit a written power of attorney for legal proceedings and that the failure of all Bondholders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the agent will in some cases have the right to make decisions and take measures that bind all Bondholders. Consequently, the actions of the agent in such matters risks impacting a Bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some Bondholders.

### **1.37 Bondholders' meeting**

The Terms and Conditions include certain provisions regarding Bondholders' meeting. Such meeting may be held in order to resolve on matters relating to the Bondholders' interests. The Terms and Conditions will allow for stated majorities to bind all Bondholders, including bondholders who have taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted Bondholders' meeting. Consequently, there is a risk that the actions of the majority in such matters impact a Bondholder's rights in a manner that would be undesirable for some of the Bondholders.

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

The Bonds have not been and will not be registered in any other country than Sweden. Subject to certain exemptions, a Bondholder of the Bonds may not offer or sell the Bonds in the United States. The Company 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 Company has not registered the Bonds under any other country's securities laws. Hence, there is a risk that a Bondholder cannot sell its Bonds on a foreign market.

### **1.39 Right to payments that have not been claimed within three years are prescribed**

In case any payment under the Bonds has not been claimed within three years from the original due date thereof, the right to such payment shall become void. There is a risk that such prescription will incur financial losses to such Bondholders who have not claimed payment under the Bonds within the prescription time of three years.

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

The Bonds are affiliated to Euroclear Sweden AB's ("Euroclear") account-based system, and no physical notes have been, or will be, issued. Clearing and settlement relating to the Bonds is carried out within Euroclear's book-entry system, as are payment of interest and repayment of principal. Investors are therefore dependent on the functionality of Euroclear's account-based system for timely and accurate payment, which is a risk factor that the Company cannot control.

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

The Terms and Conditions and this Prospectus are based on Swedish law in force on the Issue Date, in relation to the Terms and Conditions, and on the date hereof, in relation to this Prospectus. There is a risk that future legislative measures or changes or modifications to administrative practices affect Bilia Group's business and result negatively. There is also a risk that amended or new legislation and administrative practices adversely affect the investor's ability to receive payment under the Terms and Conditions.

### **1.42 Potential conflict of interest**

The joint Bookrunners, DNB Bank ASA, Sweden Branch and Nordea Bank Abp, filial i Sverige, has engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Company in the ordinary course of business. Accordingly, there is a risk that conflicts of interest exists or arises as a result of the Bookrunners having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## **Statement of Responsibility**

The issuance of the Bonds was authorised by resolutions taken by the board of directors of Bilia on 21 September 2018 and was subsequently issued by Bilia on 11 October 2018. This Prospectus has been prepared in connection with Bilia'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. Bilia is responsible for the information given in this Prospectus. Bilia is the source of all company specific data contained in this Prospectus and the Issuing Agent has conducted no efforts to confirm or verify the information supplied by Bilia.

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

Göteborg, 9 November 2018

**Bilia AB (publ)**

*The Board of Directors*

## 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.

**Issuer:** Bilia AB (publ), a public limited liability company with company registration number 556112-5690.

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**Bonds Offered:** Up to SEK 1,500,000,000 in aggregate principal amount of senior unsecured floating rate bonds. In total, up to 750 Bonds may be offered. The maximum total nominal amount of the Initial Bonds is SEK 800,000,000.

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**ISIN:** SE0011751361

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**Issue Date:** 11 October 2018.

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**Issue Price:** The Bonds are issued at a price equal to 100 per cent. of the Nominal Amount.

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**Interest:** Interest on the Bonds will be paid at a floating rate of STIBOR (3 months) plus 1.4 % per annum.

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).

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**Use of Benchmark:** Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, the administrator of STIBOR is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.

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**Interest Payment Dates:** 11 January, 11 April, 11 July, 11 October 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, commencing on 11 January 2019. Interest will accrue from (but excluding) the First Issue Date, and in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant). The last Interest Payment Date shall be the relevant Redemption Date.

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<b><i>Nominal Amount:</i></b>	The Bonds will have a nominal amount of SEK 2,000,000 and the minimum permissible investment in the Bonds is SEK 2,000,000.
<b><i>Status of the Bonds:</i></b>	<p>The Bonds are denominated in Swedish Krona and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.</p> <p>The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.</p>
<b><i>Use of proceeds:</i></b>	<p>The Issuer shall use the Net Proceeds from the issuance of the Initial Bonds (i) for the market repurchase of all or some of the outstanding SEK 1,000,000,000 senior unsecured 2016/2021 bonds with ISIN SE0008186886, (ii) for general corporate purposes of the Group, (iii) for the purpose of redeeming some or all of the Issuer's outstanding credit with Nordea Bank Abp, filial i Sverige (previously Nordea Bank AB (publ)) and DNB Bank ASA, filial Sverige, and (iv) for financing part of an acquisition in Belgium.</p> <p>The Net Proceeds from the issuance of any Subsequent Bonds Issue shall be used to finance general corporate purposes.</p>
<b><i>Listing:</i></b>	<p>The Issuer has the intention to list the Bond Loan represented by the Initial Bonds and any Subsequent Bonds (as applicable) on the corporate bond list of Nasdaq Stockholm within thirty (30) days after the First Issue Date, or in respect of Subsequent Bonds, following the relevant subsequent issue date.</p> <p>Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission as long as any Bonds are outstanding, but not longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.</p>
<b><i>Central Securities Depository (the "CSD"):</i></b>	<p>The Issuer's central securities depository and registrar in respect of the Bonds, from time to time, is initially, Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden.</p> <p>The Bonds will be connected with the account-based system of Euroclear, for the purpose of having the payment of interest and principal managed by Euroclear. The Bonds have been registered</p>

	for the Bondholders on their respective Securities Accounts and no physical notes have or will be issued.
<b>Agent:</b>	Nordic Trustee & Agency AB (publ), Reg. No. 556882-1879, or another party replacing it, as Agent, in accordance with the Terms and Conditions.
<b>Transferability:</b>	The Bonds are freely transferable, but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
<b>Redemption Date:</b>	The Final Maturity Date is 11 October 2023.  The Issuer shall redeem all, but not some only, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the first following Business Day.
<b>Prescription:</b>	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.
<b>Rights:</b>	A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
<b>Governing law:</b>	The governing law of the Bonds is Swedish law.
<b>Credit rating:</b>	The Bonds have not received any credit rating.
<b>Risk factors:</b>	Investing in the Bonds involves substantial risks and prospective investors should refer to the section "Risk Factors" for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

## **Information about the Company**

### **Description of Bilia AB (publ)**

Bilia AB (publ), (Reg. No. 556112-5690) is a Swedish public limited liability company established on 14 September 1967 and registered with the Swedish Companies Registration Office in 1984. The Company's tradename is Bilia AB (publ). Bilia's registered office is in Gothenburg. Bilia's operations are regulated by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*). Bilia's class A-shares are listed on Nasdaq Stockholm.

According to Bilia's articles of association, the object of the Company is – directly or via subsidiaries – to:

- Carry on trade and distribution activities with regard to means of transport; carry on manufacture, trade and distribution in other product areas as well.
- Carry on sales of service and spare parts associated with the products.
- Manage real and movable estate, including shares.
- Carry on financing activities (except that the company shall not carry on such activities as are referred to in the Banking Business Act, and that activities subject to the provisions of the Act on Credit Market Companies may only be carried on in subsidiaries).
- Carry on other activities consistent with the above types of business.

### **Business overview**

#### *Business concept*

Bilia Group's business concept is to offer car service, car sales and supplementary services that give the customers lasting added value.

Bilia Group is one of Europe's largest car dealership chains and provides servicing and sales of cars and transport vehicles plus supplementary services such as financing and insurance. As of June 2018, Bilia has 134 facilities Sweden, Norway, Germany, Luxembourg and Belgium plus two online auction sites, one in Sweden and one in Norway.

Bilia Group's service business includes a well-developed range of services and service concepts that are continuously developed to simplify car ownership for the customers. The service business includes workshop services, spare parts, store sales and e-commerce.

Bilia Group's car business includes sales of both new and used cars and transport vehicles, plus supplementary services such as financing and insurance. Bilia sells cars from Volvo, BMW, Toyota, Lexus, MINI, Dacia and Renault and transport vehicles from Renault, Toyota and Dacia. Bilia Group's fuel business comprises the sale of fuels and car washes.

## *Vision*

Bilia Group's vision is to be the best service company in the business with the goal of having the most satisfied customers in its showrooms, stores and workshops and that the customer should always find dealing with Bilia a pleasant experience.

## **Material changes and information on trends**

### *Material changes*

Bilia has issued the Bonds described in this Prospectus; senior unsecured floating rate bonds of up to SEK 1,500,000,000 with a term of five years. The initial bond issue of SEK 800,000,000 has been fully subscribed. The nominal amount of each bond is SEK 2,000,000. The bond loan runs with a floating interest rate based on three months STIBOR + 140 base points (BPS) (1.4 per cent) and has final maturity in October 2023. Bilia will apply for listing of the bonds at Nasdaq Stockholm.

Further, on 27 September 2018 Bilia announced a tender offer to purchase some of its outstanding 2016/2021 senior unsecured floating rate bonds with ISIN code: SE0008186886, for a price corresponding to 104.00 per cent of the nominal amount of SEK 1,000,000. On 4 October 2018, Bilia announced that valid tender instructions for a total of SEK 659,000,000 had been received pursuant to the tender offer of which SEK 500,000,000 would be accepted for purchase by Bilia. The bonds repurchased will be retained by Bilia and will not be cancelled.

The annual general meeting authorised the board of directors to set up a long-term incentive programme in the form of a share savings programme. The programme is targeted at approximately 40 senior officers and other key persons at Bilia. Further, the annual general meeting authorised the board of directors to resolve to buy back the Company's own shares under the condition that Bilia's holding never exceed 10 per cent of the total number of issued shares at any given time. The board of directors was also authorised to resolve to transfer acquired shares, either as a means of payment in conjunction with an acquisition or by direct sale on the stock exchange.

On 2 January 2018, Bilia Group acquired Bilسالongen AS, a BMW and MINI dealership in Norway. The operation is conducted in a facility in Skien and comprises sales of BMW and MINI cars plus service. The business has an annual turnover of about SEK 340,000,000, with an operating profit of about SEK 8,000,000 per year. The purchase consideration was SEK 58,000,000. The entire purchase consideration was paid in cash. There is no contingent purchase consideration. The operation has about 30 employees and will continue to be conducted from the present-day facility. The acquisition-related expenses amount to SEK 400,000.

At the end of February 2018, Bilia Group opened a showroom for Renault electric cars in Stockholm. It was Renault's first showroom for electric cars in Europe.

On 3 September 2018, Bilia Group reached an agreement to acquire a BMW and MINI dealer in Flandern, Belgium. The operations are run in the companies Verstraeten NV and Gent Store by Verstraeten BVBA. The companies had during the last three years a yearly turnover of about SEK 750,000,000 and an operating profit of about SEK 40,000,000. The number of employees amounts to around 60 persons. The operation's capital employed, plus agreed-on surplus values, amounts to about SEK 270,000,000. The agreement also includes take-over of two facilities, where the operations are run, at a value of about SEK 100,000,000. The facilities are leased with an option to



acquire the facilities. The yearly leasing cost, charged to the operations amounts to about SEK 7,000,000.

On 24 October 2018, Bilia Group announced its strategic investment in seven new facilities for used cars in Sweden and Norway. The investment in Sweden will be made under the name of Netbil, which was started already in 2005. Through the initiative Bilia substantially broadens its offer on the used car market with more car brands and a broader range of year models. The new facilities will be situated around big cities in Sweden and Norway. Roll-out of the new facilities will happen on a continuous basis in the next few years.

Apart from the above, there have been no material changes in Bilia Group's financial position or market position since the last annual report.

### *Trends*

There has been no material adverse change in the prospects of Bilia Group since the date of publication of its audited financial statement for 2017 and its audited financial report for the third quarter of 2018, 26 October 2018.

## **Organisational structure**

Bilia is as of the date of this prospectus the parent company of 25 directly or indirectly owned subsidiaries. Since Bilia's operations are mainly carried out through its subsidiaries, Bilia is dependent on its subsidiaries in order to generate profit and cash flow and to meet its obligations under the Terms and Conditions.

## **The share**

The total number of shares in the company as of the date of this Prospectus is 102,799,952. All issued shares are of Series A. It is also possible to issue B shares according to the Articles of Association, but this has not been done. All issued shares have equal rights in the company and are entitled to one vote at the Annual General Meeting (AGM). Bilia's shares are listed on NASDAQ Stockholm and can be transferred freely there, subject to the rules of the exchange.

## **Ownership structure**

On 31 October 2018, Bilia had 45,341 shareholders. On 31 October 2018, the share capital amounted to SEK 257,000,000, divided among 102,799,952 Series A and Series B shares.<sup>1</sup> The quotient value is SEK 2.50 per share. Each Series A Share represents one (1) vote and each Series B Share one-tenth (1/10) of a vote. Bilia's largest shareholder is Mats Qviberg with family, the next-largest shareholder in Bilia is Investment AB Öresund followed by Anna Engebretsen with family. Bilia's A shares are traded on Nasdaq Stockholm. Below is a list of the ten largest shareholders in Bilia as of 31 October 2018.

<b>Shareholders as of 31 October 2018</b>	<b>Holdings, Class A shares</b>	<b>Capital/Votes, (%)</b>
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<sup>1</sup> Including Bilia's repurchased shares (1,849,000 shares).

Mats Qviberg with family <sup>2</sup>	12,245,380	11.9
Investment AB Öresund	7,844,087	7.6
Anna Engebretsen with family	4,949,360	4.8
STATE STREET BANK AND TRUST CO, W9	3,597,293	3.5
Swedbank Robur Fonder	3,515,748	3.4
BNY MELLON NA (FORMER MELLON), W9	2,899,133	2.8
SEB Investment management	2,660,114	2.6
JP Morgan Chase NA <sup>3</sup>	2,208,809	2.1
Försäkringsaktiebolaget Avanza pension	1,934,603	1.9
CBNY-Norges Bank	1,925,586	1.9
<b>Total</b>	<b>43,780,113</b>	<b>42.5</b>
Others	59,197,839	57.5
<b>Total</b>	<b>102,977,952</b>	<b>100</b>

## Board of directors, executive management and auditor

### Board of directors

Bilia's board of directors consists of ten members elected by the annual general meeting and two additional members who represent the employees, plus two deputy employee representatives. The annual general meeting elected members are elected for one year. There is no limit to how long a member can sit on the board. All members of the board of directors can be contacted through Bilia's registered address, Norra Långebergsgatan 3, Box 9003, 400 91 Göteborg.

The following information, regarding the board of directors and executive management, reflects the conditions on 31 October 2018.

<b>MATS QVIBERG</b>	
<i>Chairman. Member of the board of directors since 2003. Born 1953.</i>	
<b>Other assignments:</b>	Chairman of Investment AB Öresund. Deputy Chairman of Fabege AB.
<b>Shareholding in Bilia:</b>	Mats Qviberg with family owns 12,245,380 shares in Bilia, directly or indirectly through companies or related parties.

### JAN PETTERSSON

<sup>2</sup> As of 31 October 2018, Mats Qviberg owned 12,245,380 shares in Bilia, directly or indirectly through companies or related parties, of which he personally held 5,295,190 shares.

<sup>3</sup> JPM Chase NA has 9 funds with the same name and address. They have been aggregated in the table above.

<i>Deputy Chairman. Member of the board of directors since 2003. Born 1949.</i>	
<b>Other assignments:</b>	Chairman of Active Driving AB and Trosta Park AB.
<b>Shareholding in Bilia:</b>	Jan Pettersson owns 1,100,000 shares in Bilia, directly or indirectly through companies or related parties.

<b>INGRID JONASSON BLANK</b>	
<i>Member of the board of directors since 2006. Born 1962.</i>	
<b>Other assignments:</b>	Member of the board of Fiskars Ojy, Orkla AS, Ambea AB, Musti Group Oy, Kjell&Co AB, Bygghemma AB, Snusbolaget AB, Nordic Morning Oy and Astrid Lindgrens AB.
<b>Shareholding in Bilia:</b>	Ingrid Jonasson Blank owns 40,000 shares in Bilia.

<b>ANNA ENGBRETSSEN</b>	
<i>Member of the board of directors since 2010. Born 1982.</i>	
<b>Other assignments:</b>	Member of the boards of MQ Holding AB, Investment AB Öresund and Fabege AB.
<b>Shareholding in Bilia:</b>	Anna Engebretsen with family owns 4,949,360 shares in Bilia, directly or indirectly through companies or related parties.

<b>JACK FORSGREN</b>	
<i>Chairman of the Compensation Committee. Member of the board of directors since 2003. Born 1945.</i>	
<b>Other assignments:</b>	Member of the boards of Maquire AB, Jerrie AB and member of the Swedish Exhibition Centre's Supervisory Council.
<b>Shareholding in Bilia:</b>	Jack Forsgren owns 67,450 shares in Bilia.

<b>MATS HOLGERSSON</b>	
<i>Member of the board of directors since 2006. Born 1953.</i>	
<b>Other assignments:</b>	Member of the boards of Bolist AB, Trophi Fastighets AB, Odelav 17 AB, Odelav 18 AB and indirectly, of Kvalitetsfisk AB. Until 31 October 2018, member of the boards of Jobmeal Holding AB.
<b>Shareholding in Bilia:</b>	Mats Holgerson owns 22,440 shares in Bilia.

<b>LAILA FREIVALDS</b>	
<i>Member of the board of directors since 2016. Born 1942.</i>	
<b>Other assignments:</b>	Chairman of Dansalliansen AB and Deputy Chairman of Investment AB Öresund.
<b>Shareholding in Bilia:</b>	Laila Freivalds owns 1,300 shares in Bilia.

<b>JON RISFELT</b>	
<i>Chairman of the Audit Committee. Member of the board of directors since 2003. Born 1961</i>	
<b>Other assignments:</b>	Chairman of Bisnode AB, Bisnode Business Information Group AB, Cabonline Group Holding AB and CAB Group AB. Member of the boards of Boule Diagnostics AB, ELOS Medtech AB, Knowit AB and Smartfish AB.
<b>Shareholding in Bilia:</b>	Jon Risfelt owns 25,940 shares in Bilia.

<b>GUNNAR BLOMKVIST</b>	
<i>Member of the board of directors since 2017 and employed by Bilia AB since 1984–aug 2017, most recently as CFO. Born 1955.</i>	
<b>Other assignments:</b>	Gunnar Blomkvist has no other assignments.
<b>Shareholding in Bilia:</b>	Gunnar Blomkvist owns 90,845 shares in Bilia.

<b>NICKLAS PAULSON</b>	
<i>Member of the board of directors since 2018. Born 1970.</i>	
<b>Other assignments:</b>	CEO of Investment AB Öresund, member of the boards of Bulten AB and Ovzon AB.
<b>Shareholding in Bilia:</b>	Nicklas Paulson owns 1,000 shares in Bilia.

<b>PATRIK NORDVALL</b>	
<i>Shop steward of Unionen and Property management developer. Employee representative since 2004. Born 1967.</i>	
<b>Other assignments:</b>	Shop steward for Unionen at Bilia and Property management developer.
<b>Shareholding in Bilia:</b>	Patrik Nordvall owns 504 shares in Bilia.

<b>DRAGAN MITRASINOVIC</b>	
<i>President of Bilia's local branch and car mechanic. Employee representative since 2005. Born 1958.</i>	
<b>Other assignments:</b>	Shop steward of Bilia's local branch in Stockholm and car mechanic.
<b>Shareholding in Bilia:</b>	Dragan Mitrasinovic owns 28 shares in Bilia.

<b>ISAK EKBLOM</b>	
<i>Deputy. Employee representative since 2016.</i>	
<b>Other assignments:</b>	Shop Steward for IF Metall Gothenburg.
<b>Shareholding in Bilia:</b>	Isak Ekblom owns no shares in Bilia.

<b>ANDERS BEJMAR</b>	
<i>Deputy. Employee representative since 2016.</i>	

<b>Other assignments:</b>	Shop steward for Ledarna at Bilia Personbilar AB, as well as Ledarna lokala klubben Stockholm and member of the board in Teknik & Motor.
<b>Shareholding in Bilia:</b>	Anders Bejmar owns 144 shares in Bilia.

### *Executive management*

As of the day of this Prospectus, the Group Management consists of Per Avander, Managing Director and CEO, Stefan Nordström, Deputy Managing Director, Kristina Franzén, CFO, and Frode Hebnes, Managing Director of Bilia Personbil as, Norway.

All members of executive management can be contacted through Bilia's registered address, Norra Långebergsgatan 3, Box 9003, 400 91 Göteborg.

<b>PER AVANDER</b>	
<i>Managing Director and CEO of Bilia. Born 1961.</i>	
<b>Other assignments:</b>	Member of the boards of Volvofinans Bank AB.
<b>Shareholding in Bilia:</b>	Per Avander owns 60,800 shares in Bilia.

<b>STEFAN NORDSTRÖM</b>	
<i>Deputy Managing Director of Bilia. Born 1966.</i>	
<b>Other assignments:</b>	Member of the board of Tanka Sverige AB.
<b>Shareholding in Bilia:</b>	Stefan Nordström owns 24,000 shares in Bilia.

<b>KRISTINA FRANZÉN</b>	
<i>CFO of Bilia. Born 1966.</i>	
<b>Other assignments:</b>	Member of the board of Stiftelsen Richard Malmstens minne.
<b>Shareholding in Bilia:</b>	Kristina Franzén owns 1,500 shares in Bilia.

<b>FRODE HEBNES</b>	
<i>Managing Director of Bilia Personbil as, Norway. Born 1972.</i>	
<b>Other assignments:</b>	Member of the boards of Expon AS, Expon Holding AS and My Private Label AS.
<b>Shareholding in Bilia:</b>	Frode Hebnes owns 1 888 shares in Bilia.

#### *Other information about the board of directors and the executive management*

There are no conflicts of interest or potential conflicts of interest<sup>4</sup> between the obligations of members of the board of directors and executive management of Bilia and their private interests and/or other undertakings (however, several members of the board of directors and executive management have financial interests in Bilia as a result of their shareholding in Bilia).

#### *Auditor*

The auditors of Bilia are elected by the annual general meeting. KPMG AB has been Bilia's public accounting firm since 2010 and was re-elected in 2018 for the period up to the 2019 annual general meeting. Johan Kratz, born 1963, Authorised Public Accountant, KPMG AB and member of FAR has been the auditor in charge at Bilia since 2017. Before that, from 2010 to the end of 2016, Jan Malm, born 1960, Authorised Public Accountant, KPMG AB and member of FAR was auditor in charge at Bilia.

Auditors will once again be elected at the annual general meeting 2019. No circumstance relating to this advisory role has been judged to influence the impartiality and independence of the auditors. KPMG AB's registered address is Box 382, 101 27 Stockholm, Sweden.

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

The most recent financial information has been taken from Bilia Group's audited financial report for the third quarter of 2018, which was published on 26 October 2018 on the Company's website.

### **Shareholder agreements**

Bilia 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 Company

### **Material agreements**

Further, Bilia is not a party to any material agreements outside of the ordinary course of business which could result in an entity within the Bilia Group having a right or an obligation that could materially affect Bilia's ability to meet its obligations under the Bonds to the Bondholders.

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<sup>4</sup> As defined in the Swedish Code of Corporate Governance.

## **Disputes**

During the past twelve months, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Bilia is aware) which may have, or have had in the past twelve months, a significant effect on the financial position or profitability of Bilia and its consolidated subsidiaries as a whole.

## **Assurance regarding the Prospectus**

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

## **Clearing and settlement**

As of the date of this Prospectus, Bonds have been issued in an amount of SEK 800,000,000. Each Bond has a nominal amount of SEK 2,000,000. The ISIN for the Bonds is SE0011751361.

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

## **Representation of the Bondholders**

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

## **Expected date of listing, market place and costs relating to the listing**

The Bonds will be admitted to trading on Nasdaq Stockholm on 16 November 2018 at the latest.

Bilia expects total costs in connection with the admission to trading to amount to approximately SEK 150,000.

## **Documents available for inspection**

Hard copies of the following documents are available for review during the period of validity of this Prospectus at Bilia's head office at Norra Långebergsgatan 3, Box 9003 - 400 91 Gothenburg, Sweden.

- Bilia's and each of its subsidiaries income statements and balance sheets as of 31 December 2017 and 2016;
- the Agency Agreement;
- Bilia's articles of association;



- the certificate of registration of Bilia; and
- all documents that have been incorporated by reference in this Prospectus.

### **Documents incorporated by reference**

This Prospectus, in addition to this document, comprises of the following documents which are incorporated in this Prospectus by reference. The documents have been made public prior to the publication of this Prospectus and are available in electronic format on the Company's website, [www.bilia.com](http://www.bilia.com), during the period of validity of this Prospectus.

<b>INFORMATION</b>	<b>SOURCE</b>
Income statements and balance sheets of Bilia Group p. 19-22, notes and information on accounting principles p. 26-72. Auditor's report p. 89-91.	Annual report 2016
Income statements and balance sheets of Bilia Group p. 21-24, notes and information on accounting principles p. 28-68. Auditor's report p. 85-87.	Annual report 2017
Income statements and balance sheets of Bilia Group p. 13-14, information on accounting principles p. 8. Auditor's report p. 10.	Interim report, Q3 2017
Income statements and balance sheets of Bilia Group p. 14-15, information on accounting principles p. 18. Auditor's report p. 29.	Interim report, Q3 2018

The sections of the above documents that have not been incorporated by reference are not relevant for investors in the Bonds.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor.

The Company's auditor has audited the annual reports 2016 and 2017, and the Interim reports, Q3 2017 and 2018.



**TERMS AND CONDITIONS FOR**

**BILIA AB (publ)**

**UP TO SEK 1,500,000,000**

**SENIOR UNSECURED FLOATING RATE BONDS**

**ISIN: SE0011751361**

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

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## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

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

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

“**Accounting Principles**” means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC.

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

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

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

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

“**Bank Loans**” means any existing loans incurred by the Issuer or any Group Company in relation to Nordea Bank Abp, filial i Sverige (previously Nordea Bank AB (publ)), DNB Bank ASA, filial Sverige or Danske Bank A/S, filial Sverige, or any future loan incurred by the Issuer or any Group Company in relation to any reputable bank.

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

“**Bondholders’ Meeting**” means a meeting among the Bondholders held in accordance with Clause 15 (*Bondholders’ Meeting*).

“**Bond Loan**” means the loan constituted by these Terms and Conditions and evidenced by the Bonds.

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

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

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

“**Cash**” means, at any time, cash in hand held by the Issuer or with a reputable bank credited to an account in the name of the Issuer and in each case to which the Issuer 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 or any amount standing on client accounts, but including any unused credit facility).

“**Change of Control Event**” means, in relation to shares of the Issuer, an event or series of events resulting in one person (or several persons who either (i) are, in respect of individuals, related, (ii) are, in respect of legal entities, members of the same group, or (iii) who act or have agreed to act in concert), in each case, acquiring fifty (50) per cent. or more of the shares in the Issuer or otherwise establishing control over fifty (50) per cent. or more of the shares and/or votes in the Issuer.

“**Compliance Certificate**” means a certificate, in form and substance satisfactory to the Agent, signed by the Issuer certifying that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it.

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

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

“**Debt Instruments**” means bonds, notes or other debt securities (however defined), which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a Regulated Market.

“**De-listing Event**” means an event that occurs if all or part of the shares in the Issuer cease to be listed on a Regulated Market.

“**Event of Default**” means an event or circumstance specified in Clause 12.1.

“**Final Maturity Date**” means the date falling five (5) years after the First Issue Date.

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

“**Finance Lease**” means any lease or hire purchase contract which would, in accordance with the Accounting Principles (as applied as of the date of these Terms and Conditions), be treated as a finance lease or a capital lease. For the avoidance of doubt, any type of leases treated as operating leases under the Accounting Principles as applied at the date of these Terms and Conditions shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as a Finance Lease.

“**Financial Indebtedness**” means:

- (a) moneys borrowed (including under any bank financing);
- (b) the amount of any liability under any Finance Lease;
- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (d) any other transaction (including the obligation to pay deferred purchase price) having the commercial effect of a borrowing or otherwise being classified as borrowing under the Accounting Principles;
- (e) the marked-to-market value of derivative transactions entered into in connection with protection against, or in order to benefit from, the fluctuation in any rate or price (if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution; and
- (g) without double-counting, liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs (a) to (f) above.

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

“**Financial Report**” means the Group’s annual audited financial statements and quarterly interim unaudited reports which shall be prepared in accordance with international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC.

“**First Issue Date**” means 11 October 2018. The Issuing Agent shall confirm the First Issue Date to the CSD and the Agent in writing and the Issuer shall publish the First Issue Date in accordance with Clause 23.2.

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

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

“**Initial Bonds**” means the Bonds issued on the First Issue Date.

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

“**Interest**” means the interest on the Bonds calculated in accordance with Clauses 8.1 to 8.3.

“**Interest Payment Date**” means 11 January, 11 April, 11 July and 11 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 11 January 2019 and the last Interest Payment Date shall be the relevant Redemption Date.

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

“**Interest Rate**” means STIBOR (3 months) plus 1.4 per cent. *per annum*.

“**Issuer**” means Bilja AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556112-5690.

“**Issuing Agent**” means DNB Bank ASA, Sweden Branch with Reg. No 516406-0161 or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Listing Failure Event**” means the situation where (i) the Bond Loan represented by the Initial Bonds or any Subsequent Bonds (as applicable) has not been listed on the corporate bond list of Nasdaq Stockholm (or any other relevant Regulated Market) within hundred twenty (120) calendar days after the First Issue Date, or in respect of Subsequent Bonds, after the relevant subsequent issue date, or (ii) the Issuer has failed to ensure that the Bonds, once admitted to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable), continue being listed thereon in accordance with Clause 0.

“**Material Group Company**” means the Issuer or a Subsidiary representing more than 5.00 per cent. of the total net sales, EBITDA or gross assets of the Group on a consolidated basis according to the latest Financial Report.

“**Net Proceeds**” means the gross proceeds from the offering of the relevant Bonds, minus (i) in respect of the Initial Bonds, the costs incurred by the Issuer in conjunction with the issuance thereof and (ii) in respect of any Subsequent Bonds, the costs incurred by the Issuer in conjunction with the issuance thereof.

“**Nominal Amount**” has the meaning set forth in Clause 2.3.

“**Permitted Security**” means any guarantee or Security: (a) existing on the First Issue Date; (b) arising by operation of law (including collateral or retention of title arrangements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised); (c) provided in relation to any lease agreement (*hyresavtal*) entered into by a Group Company in the ordinary course of business; (d) provided in relation to any Bank Loan facilitating purchase of any real estate (whether directly or indirectly through a company owning the real estate); (e) comprising counter-indemnity obligations under any bank guarantees or letters of credit issued by a bank or financial institution and drawings under any such bank guarantees or letters of credit, which in each case is provided in the ordinary course of business in relation to customers, other business partners, governmental bodies or authorities on terms and conditions customary for counter-indemnity obligations; (f) comprising bank guarantees in relation to undertakings incurred in any Group Company’s ordinary course of business; or (g) comprising parent company guarantees in relation to Subsidiary undertakings incurred in the ordinary course of business.

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

“**Record Date**” means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 13 (*Distribution of proceeds*), (iv) the date of a Bondholders’



Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

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

“**Regulated Market**” means any regulated market (as defined in Directive 2014/65/EU on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU).

“**Relevant Period**” means each relevant period of 12 consecutive calendar months.

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

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

“**STIBOR**” means:

- (h) the applicable percentage rate *per annum* displayed on Nasdaq’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (i) if no such rate as set out in paragraph (a) above is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four decimal places) which results from interpolating on a linear basis between (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period, and (ii) the applicable screen rate for the shortest period (for which screen rate is available) which exceeds that Interest Period, such screen rates in each case as displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it), as of around 11 a.m. on the Quotation Date;
- (j) if no rate is available for the relevant Interest Period, pursuant to paragraph (a) or (b) above, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (k) if no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the

interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

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

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

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

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

“**Written Procedure**” means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 16 (*Written Procedure*).

## **1.2 Construction**

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

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

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

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

- 1.2.4 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- 1.2.5 No delay or omission of the Agent or of any 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**

- 2.1 The Bonds are denominated in Swedish Kronor and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- 2.2 By subscribing for Bonds, each 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.
- 2.3 The nominal amount of each Bond is SEK 2,000,000 (the “**Nominal Amount**”). The maximum total nominal amount of the Initial Bonds is SEK 800,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- 2.4 Provided that no Event of Default is continuing or would result from such issue, 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 issue 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 SEK 1,500,000,000. Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 8.1, and otherwise have the same rights as the Initial Bonds.
- 2.5 The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.
- 2.6 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.
- 2.7 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**

#### **3.1 Use of proceeds**

The Issuer shall use the Net Proceeds from the issuance of the Initial Bonds (i) for the market repurchase of all or some of the outstanding SEK 1,000 million senior unsecured 2016/2021 bonds with ISIN SE0008186886, (ii) for general corporate purposes of the Group, (iii) for the purpose of redeeming some or all of the Issuer's outstanding credit with Nordea Bank Abp, filial i Sverige (previously Nordea Bank AB (publ)) and DNB Bank ASA, filial Sverige, and (iv) for financing part of an acquisition in Belgium. The Net Proceeds from the issuance of any Subsequent Bonds Issue shall be used to finance general corporate purposes.

### **4. CONDITIONS**

#### **4.1 Conditions for disbursement**

The Issuer shall provide to the Agent, prior to the issuance of the Initial Bonds the following:

- (a) the Finance Documents and the Agency Agreement duly executed by the parties thereto;
- (b) a copy of a resolution of the board of directors of the Issuer approving the issue of the Initial Bonds and the main terms of the Terms and Conditions, and resolving to enter into the Terms and Conditions, the Agency Agreement and any other Finance Document or other documents necessary in connection therewith;
- (c) the articles of association and certificate of incorporation of the Issuer;
- (d) evidence that the persons who have signed the Finance Documents, the Agency Agreement and any other documents in connection therewith on behalf of the Issuer are duly authorised to do so;
- (e) an agreed form of Compliance Certificate; and
- (f) such other documents and information as is agreed between the Agent and the Issuer.

The issuer shall provide to the Agent, prior to the issuance of any Subsequent Bonds the following:

- (a) a copy of a resolution of the board of directors of the Issuer approving the issue of the Subsequent Bonds and resolving to enter into documents necessary in connection therewith;
  - (b) a certificate from the Issuer confirming that no Event of Default is continuing or would result from the issue of the Subsequent Bonds; and
  - (c) such other documents and information as is agreed between the Agent and the Issuer.
- 4.2 The Agent may assume that the documentation delivered to it pursuant to Clause 4.1 is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Agent does not have to verify the contents of any such documentation.
- 4.3 The Agent shall confirm to the Issuing Agent when the conditions in Clause 4.1 have been satisfied and instruct the Issuing Agent to transfer the funds in accordance with the Use of Proceeds of the Bonds.

## **5. BONDS IN BOOK-ENTRY FORM**

- 5.1 The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- 5.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 5.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent. For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- 5.4 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.
- 5.5 The Issuer and the Agent may use the information referred to in Clause 5.3 and 5.4 only for the purposes of carrying out their duties and exercising their rights in accordance

with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

## **6. RIGHT TO ACT ON BEHALF OF A BONDHOLDER**

- 6.1 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.
- 6.2 A Bondholder may issue one or several powers of attorney or other proof of authorisations 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.
- 6.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **7. PAYMENTS IN RESPECT OF THE BONDS**

- 7.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the Record Date prior to the relevant payment date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 7.2 If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be affected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 7.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 8.4 during such postponement.
- 7.4 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.

- 7.5 The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

## **8. INTEREST**

- 8.1 Each Initial Bond carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest as the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.
- 8.2 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.
- 8.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- 8.4 If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is 200 bps (2 per centage points) higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **9. REDEMPTION AND REPURCHASE OF THE BONDS**

### **9.1 Redemption at maturity**

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

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

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

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

- 9.3.1 The Issuer may redeem all, but not some only, of the outstanding Bonds at an amount per Bond equal to 100 per cent. of the Nominal Amount together with accrued but unpaid Interest on a date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.

9.3.2 The Issuer shall give notice of any redemption pursuant to Clause 9.3.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse). The notice from the Issuer is irrevocable, shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. The Issuer is bound to redeem or repurchase (in which case each relevant Bondholder is bound to sell), as the case may be, the Bonds in full at the applicable amount on the specified Redemption Date.

#### **9.4 Mandatory repurchase due to a Change of Control Event, a De-listing Event or a Listing Failure Event (put option)**

9.4.1 Upon the occurrence of a Change of Control Event, each Bondholder shall during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event pursuant to Clause 10.1.2 (after which time period such right shall lapse), have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest. However, such period may not start earlier than upon the occurrence of the Change of Control Event.

9.4.2 Upon the occurrence of a De-listing Event, each Bondholder shall during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the De-listing Event pursuant to Clause 10.1.2 (after which time period such right shall lapse) have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest.

9.4.3 Upon the occurrence of a Listing Failure Event, each Bondholder shall during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Listing Failure Event pursuant to Clause 10.1.2 (after which time period such right shall lapse) have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest.

9.4.4 The notice from the Issuer pursuant to Clause 10.1.2 shall specify the Record Date on which a person shall be registered as a Bondholder to receive interest and principal, the Redemption Date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall, or shall procure that a person designated by the Issuer will, repurchase the relevant Bonds and the repurchase amount shall fall due on the Redemption Date specified in the notice given by the Issuer pursuant to Clause 10.1.2. The Redemption Date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 9.4.1, 9.4.2 and 9.4.3.

9.4.5 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 9.4, the Issuer may comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.4 by virtue of the conflict.

- 9.4.6 Any Bonds repurchased by the Issuer pursuant to this Clause 9.4 may at the Issuer's discretion be retained, sold or cancelled.
- 9.4.7 The Issuer shall not be required to repurchase any Bonds pursuant to this Clause 9.4, if a third party in connection with the occurrence of a Change of Control Event offers to purchase the Bonds in the manner and on the terms set out in this Clause 9.4 (or on terms more favourable to the Bondholders) and purchases all Bonds validly tendered in accordance with such offer. If Bonds tendered are not purchased within the time limits stipulated in this Clause 9.4, the Issuer shall repurchase any such Bonds within five (5) Business Days after the expiry of the time limit.

## **10. INFORMATION TO BONDHOLDERS**

### **10.1 Information from the Issuer**

- 10.1.1 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:
- (a) as soon as the same become available, but in any event within four (4) months after the end of each financial year, its audited consolidated financial statements for that financial year;
  - (b) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, its unaudited consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) for such period;
  - (c) as soon as practicable following an acquisition or disposal of Bonds by a Group Company, the aggregate Nominal Amount held by Group Companies, or the amount of Bonds cancelled by the Issuer; and
  - (d) any other information required by the Swedish Securities Markets Act (*lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Bonds are admitted to trading.
- 10.1.2 The Issuer shall immediately notify the Bondholders and the Agent upon becoming aware of the occurrence of a Change of Control Event, a De-listing Event or a Listing Failure Event.
- 10.1.3 When the financial statements and other information are made available to the Bondholders pursuant to Clause 10.1.1, the Issuer shall send copies of such financial statements and other information to the Agent. Together with the financial statements,

the Issuer shall submit to the Agent a Compliance Certificate attaching copies of any notices sent to the Regulated Market on which the Bonds are admitted to trading. The Compliance Certificate shall be in a form agreed between the Issuer and the Agent.

## **10.2 Information from the Agent**

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

## **10.3 Information among the Bondholders**

Upon request by a Bondholder, the Agent shall promptly distribute to the Bondholders any information from such Bondholder which relates to the Bonds. The Agent may require that the requesting Bondholder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed.

## **10.4 Publication of Finance Documents**

10.4.1 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 Agent.

10.4.2 The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours.

## **11. GENERAL UNDERTAKINGS**

### **11.1 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, which falls outside of the scope of the business objective set forth in the Issuer's articles of association as of the First Issue Date.

### **11.2 Disposals of assets**

The Issuer shall not, and shall procure that no Material Group Company shall, sell or otherwise dispose of shares in any Material Group Company or of all or substantially all of its or that Material Group Company's assets, or operations to any person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction is carried out on terms and conditions customary for such transaction and at fair market value. The Issuer shall notify the Agent of any such transaction and, upon request by the Agent,

provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably).

### **11.3 Compliance with laws etcetera**

The Issuer shall, and shall procure that its Subsidiaries, (i) comply in all material respects with all laws and regulations applicable from time to time, and (ii) obtain, maintain, and in all material respects comply with, the Finance Documents of any authorisation, approval, licence or other permit required for the business carried out by the respective Group Company.

### **11.4 Negative pledge**

The Issuer shall not (and shall procure that no other Group Company will) create or allow subsisting, retaining, providing, prolonging or renewing any Security over any of its /their present or future assets, except for Permitted Security.

### **11.5 Dealings with related parties**

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

### **11.6 Admission to trading**

11.6.1 The Issuer has the intention to list the Bond Loan represented by the Initial Bonds and any Subsequent Bonds (as applicable) on the corporate bond list of Nasdaq Stockholm within thirty (30) days after the First Issue Date, or in respect of Subsequent Bonds, following the relevant subsequent issue date. For the avoidance of doubt, failure to complete listing within the intended aforementioned timeframe shall not constitute an Event of Default.

11.6.2 Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission as long as any Bonds are outstanding, but not longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.

### **11.7 CSD related undertakings**

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

## **11.8 Undertakings relating to the Agency Agreement**

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

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

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

## **12. ACCELERATION OF THE BONDS**

12.1 The Agent is entitled to and shall following a demand in writing from a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Bondholders, be made by them jointly) or following an instruction given pursuant to Clause 12.5, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if:

- (a) the Issuer does not pay on the due date any amount payable by it under the Finance Documents, unless the non-payment:
  - (i) is caused by technical or administrative error; and
  - (ii) is remedied within five (5) Business Days from the due date;
- (b) the Issuer does not comply with any terms or conditions of the Finance Documents to which it is a party (other than those terms referred to in paragraph (a) above), unless the non-compliance:
  - (i) is capable of remedy; and
  - (ii) is remedied within twenty (20) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance;

- (c) any Financial Indebtedness of a Group Company is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), (ii) any commitment for any Financial Indebtedness of a Group Company is cancelled or suspended by a creditor as a result of an event of default (however described) or (iii) any creditor of a Group Company becomes entitled to declare any Financial Indebtedness of a Group Company due and payable prior to its specified maturity as a result on an event of default (however described), provided that no Event of Default will occur under this paragraph (c) if the aggregate amount of Financial Indebtedness referred to herein is less than SEK 50,000,000;
- (d) any Finance Document becomes invalid, ineffective or varied (other than in accordance with the provisions of the Finance Documents), and such invalidity, ineffectiveness or variation has a detrimental effect on the interests of the Bondholders;
- (e) any Material Group Company is, or is deemed for the purposes of any applicable law to be, Insolvent;
- (f) any corporate action, legal proceedings or other procedures are taken (other than proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within thirty (30) calendar days of commencement or, if earlier, the date on which it is advertised) in relation to any Material Group Company (i) the suspension of payments, winding-up, dissolution, administration or reorganisation (*företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise); (ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect or any of its assets; or (iii) any analogous procedure or step is taken in any jurisdiction.

12.2 The Agent may not accelerate the Bonds in accordance with Clause 12.1 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).

12.3 The Issuer shall immediately notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

- 12.4 The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 14 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 12.5 If the Bondholders instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- 12.6 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.
- 12.7 In the event of an acceleration of the Bonds in accordance with this Clause 12, the Issuer shall redeem all Bonds at an amount per Bond equal to 100 per cent. of the Nominal Amount, together with accrued but unpaid Interest.

### **13. DISTRIBUTION OF PROCEEDS**

- 13.1 All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 12 (*Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Finance Documents (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 18.2.5, and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 14.15;
  - (b) *secondly*, in or towards payment *pro rata* of any cost and expenses incurred by a committee arranged by the Bondholders that have not been reimbursed by the Issuer;

- (c) *thirdly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (d) *fourthly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (e) *fifthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

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

- 13.2 If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 13.1(a), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 13.1(a).
- 13.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds (*redovisningsmedel*) and must be held on a separate account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 13 as soon as reasonably practicable.
- 13.4 If the Issuer or the Agent shall make any payment under this Clause 13, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7.1 shall apply.

## **14. DECISIONS BY BONDHOLDERS**

- 14.1 A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- 14.2 Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.

- 14.3 The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- 14.4 Should the Agent not convene a Bondholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 14.3 being applicable, the Issuer or the Bondholder(s) requesting a decision by the Bondholders may convene such Bondholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall upon request provide the Issuer or the convening Bondholder(s) with the information available in the debt register (*skuldbok*) kept by the CSD in respect of the Bonds in order to convene and hold the Bondholders' Meeting or instigate and carry out the Written Procedure, as the case may be.
- 14.5 Should the Issuer want to replace the Agent, it may (i) convene a Bondholders' Meeting in accordance with Clause 15.1 or (ii) instigate a Written Procedure by sending communication in accordance with Clause 16.1, in both cases with a copy to the Agent. After a request from the Bondholders pursuant to Clause 18.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 15.1. The Issuer shall inform the Agent before a notice for a Bondholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with a notice or the communication. The Issuing Agent shall provide the Issuer with the information available in the debt register (*skuldbok*) kept by the CSD in respect of the Bonds in order to convene and hold the Bondholders' Meeting or instigate and carry out the Written Procedure, as the case may be.
- 14.6 Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to act on behalf of a Bondholder*) from a person who is, registered as a Bondholder:
- (a) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (b) on the Business Day specified in the communication pursuant to Clause 16.3, 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.
- 14.7 The following matters shall require the consent of Bondholders representing at least sixty-six (66) 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 16.3:



- (a) a change to the terms of any of Clause 2.1, 2.4 and Clauses 2.5 to 2.7;
- (b) a change to the Interest Rate or the Nominal Amount;
- (c) a change to the terms for the distribution of proceeds set out in Clause 13 (*Distribution of proceeds*);
- (d) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 14;
- (e) a change of issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
- (f) a mandatory exchange of the Bonds and for other securities; and
- (g) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 12 (*Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.

- 14.8 Any matter not covered by Clause 14.7 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 16.3. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 17.1(a) or (c)), an acceleration of the Bonds.
- 14.9 Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 14.7, and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
- (h) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (i) if in respect of a Written Procedure, reply to the request.
- 14.10 If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 15.1) or initiate a second Written Procedure (in accordance with Clause 16.1), 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 14.9 shall not apply to such second Bondholders' Meeting or Written Procedure.
- 14.11 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the

Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.

- 14.12 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.
- 14.13 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.
- 14.14 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.
- 14.15 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 14.16 If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company.
- 14.17 Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **15. BONDHOLDERS' MEETING**

- 15.1 The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- 15.2 Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 15.1 with a copy to the Agent. After a request from the

Bondholders pursuant to Clause 18.4.3, 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 15.1.

- 15.3 The notice pursuant to Clause 15.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- 15.4 The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- 15.5 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **16. WRITTEN PROCEDURE**

- 16.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Record Date prior to the date on which the communication is sent.
- 16.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 16.1 to each Bondholder with a copy to the Agent.
- 16.3 A communication pursuant to Clause 16.1 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 16.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 16.4 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 14.7 and 14.8 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 14.7 or 14.8, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **17. AMENDMENTS AND WAIVERS**

- 17.1 The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
- (a) the Agent is satisfied that such amendment or waiver is not detrimental to the interest of the Bondholders,
  - (b) the Agent is satisfied that such amendment or waiver is made solely for the purpose of rectifying obvious errors and mistakes;
  - (c) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (d) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 14 (*Decisions by Bondholders*).
- 17.2 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.
- 17.3 The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 17.1, 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 10.4 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- 17.4 An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## **18. APPOINTMENT AND REPLACEMENT OF THE AGENT**

### **18.1 Appointment of Agent**

- 18.1.1 By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder, including the winding up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.
- 18.1.2 Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to

the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.

- 18.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 18.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 18.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## **18.2 Duties of the Agent**

- 18.2.1 The Agent shall represent the Bondholders in accordance with the Finance Documents. Except as specified in Clause 4 (*Conditions for disbursement*), the Agent is not responsible for the content, legal validity, due execution or enforceability of the Finance Documents.
- 18.2.2 The Agent is not obliged to actively assess or monitor (i) the financial condition of the Issuer, (ii) the compliance by the Issuer of the Finance Documents (unless expressly set out in the Finance Documents) or (iii) whether an Event of Default (or any event that may lead to an Event of Default) has occurred or not.
- 18.2.3 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall act in the best interest of the Bondholders as a group and carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 18.2.4 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- 18.2.5 The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- 18.2.6 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of

investigating or considering (i) an event or circumstance which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 13 (*Distribution of proceeds*).

- 18.2.7 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.
- 18.2.8 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 18.2.9 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- 18.2.10 The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 18.2.8.

### **18.3 Limited liability for the Agent**

- 18.3.1 The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 18.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- 18.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

- 18.3.4 The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with the Finance Documents.
- 18.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

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

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

respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.

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

## **19. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT**

- 19.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- 19.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.
- 19.3 The Issuing Agent shall enter into agreements with the CSD and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties under the Terms and Conditions / Finance Documents.

## **20. APPOINTMENT AND REPLACEMENT OF THE CSD**

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



accordance with the Financial Instruments Account Act (*lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

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

- 21.1 A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents. Such steps may only be taken by the Agent.
- 21.2 Clause 21.1 shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 18.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 18.2.8, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 18.2.9 before a Bondholder may take any action referred to in Clause 21.1.
- 21.3 The provisions of Clause 21.1 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due by the Issuer to some but not all Bondholders.

## **22. PRESCRIPTION**

- 22.1 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.
- 22.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bond, 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.

## **23. NOTICES AND PRESS RELEASES**

### **23.1 Notices**

- 23.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:
- (a) if to the Agent, shall be given at the address specified on its website [www.nordictrustee.com](http://www.nordictrustee.com) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;
  - (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
  - (c) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Bondholder in order to receive the communication, and by either courier delivery (to the extent practically possible) or letter for all Bondholders. A Notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
- 23.1.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1.1.
- 23.1.3 Any notice pursuant to the Finance Documents shall be in English.
- 23.1.4 Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.

### **23.2 Press releases**

- 23.2.1 Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.3 (*Early redemption due to illegality (put option)*), 9.4 (*Mandatory repurchase due to a Change of Control Event, a De-listing Event or a Listing Failure Event (put option)*), Clauses 12.4, 14.17, 15.1, 16.1 and 17.3 shall also be published by way of press release by the Issuer or the Agent, as applicable.
- 23.2.2 In addition to Clause 23.2.1, if any information relating to the Bonds or the Issuer contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to

issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

## **24. FORCE MAJEURE AND LIMITATION OF LIABILITY**

- 24.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a “Force Majeure Event”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures or is subject to such measures.
- 24.2 The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 24.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 24.4 The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

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

- 25.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 25.2 Any dispute or claim arising in relation to the Terms and Conditions shall be determined by Swedish courts and the District Court of Stockholm (*Stockholms tingsrätt*) shall be the court of first instance.
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