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DDM Debt AB (publ)

relating to the listing of

up to a maximum of EUR 150,000,000 Senior Secured Floating Rate
Bonds due 2022

ISIN: SE0012454940

Arrangers



Prospectus dated 28 May 2019

IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by DDM Debt AB (publ) (the "**Issuer**", or the "**Company**" or together with DDM Finance AB (the "**Guarantor**") and its direct subsidiaries unless otherwise indicated by the context, the "**Group**" or "**DDM**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address, Västra Trädgårdsgatan 15, 111 53 Stockholm, with reg. no. 559053-6230, in relation to the application for the listing of the senior secured floating rate bonds denominated in EUR (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). Arctic Securities AS, Sweden Branch has acted as issuing agent in connection with the issue of the Bonds (the "**Issuing Agent**"), and ABG Sundal Collier ASA and Arctic Securities AS have acted as arrangers for the Bonds (the "**Arrangers**"). 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 (ddm-group.ch).

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 45 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**EUR**" refer to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended 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 the Group. The words "considers", "intends", "deems", "expects", "anticipates", "plans" and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Although the Company believes that the forecasts of, or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting the Group's operations. Such factors of a significant nature are mentioned in the section "**Risk factors**" below.

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

TABLE OF CONTENTS

RISK FACTORS	4
THE BONDS IN BRIEF	21
STATEMENT OF RESPONSIBILITY	27
DESCRIPTION OF MATERIAL AGREEMENTS	28
DESCRIPTION OF THE GROUP	30
MANAGEMENT	37
HISTORICAL FINANCIAL INFORMATION	40
OTHER INFORMATION	42
TERMS AND CONDITIONS OF THE BONDS	45
ADDRESSES	90

RISK FACTORS

Investment in Bonds is associated with a number of risks. Numerous factors affect or may affect the Group's (meaning DDM Debt AB (publ), DDM Finance AB and their subsidiaries) operations, both directly and indirectly. Risk factors and major circumstances deemed to be of importance for the Group's business and future development are described below in no particular order or priority and without claim to be exhaustive. If any of these or other risks or uncertainties actually occurs, the business, operating results and financial condition of the Group could be materially and adversely affected, which could have a material adverse effect on the Group's ability to meet its obligations (including repayment of the principal amount and payment of interest) under the terms and conditions for the Bonds (the "Terms and Conditions"). Other risks as yet unknown to the Company, or which the Company at present deems to be insignificant, may also adversely affect the Group and adversely affect the price of the Bonds and the Group's ability to service its debt obligations. Apart from this section, an investor should also consider the other information in this Prospectus.

This Prospectus contains statements about the future which may be affected by future events, risks and uncertainties. The Group's actual results may be considerably different to the expected results in statements about the future due to many factors, among them, but not limited to, the risks described below and elsewhere in this Prospectus.

Risks related to the industry and operations

Economic conditions in the markets in which the Group operates affect the business

The Group is exposed to the economic, market and fiscal conditions in the markets in which the Group operates and any positive or negative developments regarding these conditions. If the economy suffers a material and adverse downturn for a prolonged period of time that, in turn, increases the unemployment rate and/or impacts interest rates and the availability of credit, the Group may not be able to perform debt collection at levels consistent with historic levels due to the inability of debtors to make payments, at the same levels or at all, which could have an adverse effect on the Group's financial results. In addition, should the level of inflation increase, the real term carrying value of Group's distressed asset portfolios may decrease.

There is a risk that economic conditions will not improve or remain at the same level in the markets in which the Group operates, or that the net effect of any change in economic conditions will not be positive. An improvement in the economic conditions in the markets in which the Group operates could impact the business and performance in various ways including, but not limited to, reducing the number of attractive portfolio opportunities that are available for purchase and increasing the competitiveness of the pricing for portfolios that the Group purchases. There is a risk that the business and results of operations will not develop positively in this environment. Conversely, while adverse economic conditions and increased levels of unemployment may lead to higher default rates on claims, which in turn may increase the stock of portfolios available for the Group to purchase and increase the amount of loans and other overdue receivables, there is a risk that such potential increase in the amount of debt available to purchase will not compensate for the adverse effects of an economic downturn. Accordingly, any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition.

The asset acquisition industry is competitive

The Group operates in a fragmented and highly competitive industry and is exposed to both domestic and international competition. The Group may face bidding competition in acquisition of distressed asset portfolios and believes that successful bids are awarded based on price and a range of other

factors including, but not limited to, service, compliance, reputation and relationships with the sellers of distressed asset portfolios. Some of the Group's current competitors, and potential new competitors, can have more effective pricing and collection models, greater adaptability to changing market needs and more established relationships in the industry and geographic markets where the Group operates. Moreover, competitors may elect to pay prices for distressed asset portfolios that the Group determine are not economically sustainable and, in that event, the volume of debt portfolio purchases may be diminished. There is a risk that the Group cannot compete successfully with existing or future competitors and that existing or potential sellers of distressed asset portfolios will continue to sell their portfolios at attractive levels or at all, or that the Group will continue to offer competitive bids for distressed asset portfolios.

Some of the Group's current competitors, and potential new competitors, can have substantially greater financial resources, less expensive funding or lower return requirements than the Group currently has. Additionally, in the future the Group may not have the financial resources to offer competitive bids for portfolio purchases and debt collection contracts, especially when competing with competitors who have greater financial resources. There is a risk that the Group will not be able to develop and expand its business or adapt to changing market needs as well as current or future competitors. Any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group is exposed to regulatory risks

The Group operates in a variety of jurisdictions and must comply with applicable laws, regulations, licenses and codes of practice across all jurisdictions, including, among other things, with respect to statutes of limitation and consumer protection regulations. Changes to the regulatory or political environments in which the Group operates, a failure to comply with applicable laws, regulations, licenses and codes of practice or failure of any employees to comply with internal policies and procedures may negatively affect the Group's business. The Group is subject to complex regulations in the jurisdictions in which the Group operates, including, but not limited to, laws and regulations regarding data protection, debt collection, consumer protection, debt purchasing and anti-money laundering, sanctions, anti-corruption and terrorist financing at the national and supranational level. There is a risk that the Group's policies and procedures will not prevent breaches of applicable laws and regulations or that any investigations will not identify such breaches in a timely manner or at all. Any such delay or failure could have a material adverse effect on the Group's business, results of operations or financial condition. Supervisory authorities in each country in which the Group operates may determine that the Group does not fully comply with, is in violation of, or in the past has violated applicable rules, regulations or administrative guidelines. If the Group's policies and procedures are deemed not to be in compliance, or are deemed not to have previously been in compliance, with relevant legal requirements or applicable legal requirements or applicable laws, regulations or administrative guidelines, this could have a material adverse effect on the Group's business, results of operations or financial condition.

Compliance with the extensive regulatory framework is expensive and labor intensive. Failure to comply with applicable laws, regulations and rules, new or amended legislations and regulations, or failure to comply with a contractual compliance obligation, could result in investigations and enforcement actions, licenses that the Group needs to do business not being renewed, being revoked or being made subject to more onerous or disadvantageous conditions, fines or the suspension or termination of its ability to conduct collections. In addition, such failure to comply or revocation of a license, or other actions by the Group, may damage the Group's reputation. Damage to the Group's reputation, whether because of a failure to comply with applicable laws, regulations or rules, or revocation of a license or any other regulatory action or failure to comply with a contractual

compliance obligation, could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group is dependent on consultants and exposed to risks associated with their activities

The Group has a management agreement with DDM Group AG regarding services required in the Group's business (the "**Management Agreement**"). The Group's future development depends largely on the skills, experience and commitment of the consultants which are made available to the Group under the Management Agreement. Therefore it is important for the Group's future business activities and development that DDM Group AG is able to retain and, where necessary, also recruit suitable consultants for the purpose of managing the Group's business. It is also of importance that DDM Group AG ensures that adequate notice periods are included in employment contracts to avoid disruptions in the ongoing operations. Should DDM Group AG become unable to retain or recruit suitable consultants for managing the Group's business, there is a risk that the Group's operations, financial conditions and results are adversely impacted.

Further, individual consultants may act against DDM Group AG's instructions or internal policies and either inadvertently or deliberately violate applicable law, including, but not limited to, competition laws and regulations by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or clients. Any such actions could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group needs to be compliant with the General Data Protection Regulation ("GDPR")

In May 2018 the EU legislation GDPR entered into force. In accordance with the legislation the Group needs to ensure that the personal data processing and other related actions are in compliance with GDPR. The implementations and maintenance of systems for personal data processing and actions needed to ensure compliance with GDPR may involve costs and be time consuming for the Group. The implementation is important as data processing in breach of GDPR could result in fines amounting to a maximum of EUR 20,000,000 or 4 per cent of Group's global turnover. If the Group fails to comply with GDPR this would have a negative impact on the Group's business and financial conditions.

The Group is dependent on key business relationships and third parties

The Group's future development depends largely on the key business relationships which include, but are not limited to, sellers of distressed asset portfolios, financing partners, debt collection agencies, advisors, co-investors and other third parties. It is therefore important for the Group's future business activities and development that it is able to maintain existing relationships and to develop further relationships with such parties if necessary. Should the Group become unable to maintain or develop further key business relationships it could have a material adverse effect on the Group's business, results of operations or financial condition. Further, the third parties that the Group engage to carry out debt collection services are subject to limited supervision, which may expose the Group to additional risks in relation to these services, such as potential non-compliance and business integrity issues or if there were to be any breach in the data protection of any of these third party providers, all of which could significantly harm the Group's reputation. Additionally, the Group or its partners may utilise bailiffs to assist with seizure of property and other court ordered solutions and to enforce certain successfully resolved legal claims. There is a risk that the Group will not successfully eliminate the risk that a third party does not meet the agreed service levels or may act outside of the applicable frameworks or the Group's own policies and procedures. Any such actions could have a material adverse effect on the Group's business, results of operations or financial condition.

Majority owner

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

The Group may not be able to collect sufficient amounts on distressed asset portfolios

Due to the length of time involved in collecting non-performing debt on acquired distressed asset portfolios, the Group may not be able to identify economic trends or make changes in acquiring strategies in a timely manner. This could result in a loss of value in a portfolio after acquisition. Analytical models may not identify changes that originators make in the quality of the distressed asset portfolios that they sell. If the Group overpays for distressed asset portfolios, and thus the value of acquired assets and cash flows from operations are less than anticipated, the Group would have difficulty servicing debt obligations and to acquire new portfolios. Further, if purchased portfolios do not generate expected cash flows over specified time horizons it may be necessary to make downward revaluations and impairments of the portfolios, all of which could have a material adverse effect on the Group's business, results of operations or financial condition.

Risks related to investments in SPVs

Pursuant to the Terms and Conditions, the Issuer may make investments in certain special purpose vehicles ("SPV"). An investment in, a loan to or the taking of an exposure in relation to a SPV entails, in addition to the risks involved in an investment in a loan portfolio, risks relating to the capital structure and contractual arrangement of such SPV, including but not limited to, layering of instruments, intercreditor arrangements, lack of perfection actions and valid underlying security, lack of control and ability to influence, exposure to regulatory requirements and applicable insolvency regimes. If any of such risks materialise, there is a risk that the Group's business, results of operations or financial condition is adversely affected.

The Group's models and analytical tools to value and price portfolios may prove to be inaccurate

The Group uses internally developed models and input from advisors such as real estate valuation experts to value and price portfolios that the Group considers for purchase and to project the remaining cash flow generation from distressed asset portfolios. There is a risk that the Group will not be able to achieve the recoveries forecasted by the models used to value the portfolios, that the models are not transferable to other types of assets or that the models are flawed. There is a risk that the models will not appropriately identify or assess all material factors and yield correct or accurate forecasts as historical collections may not reflect current or future realities. Further, misjudgments or mistakes could be made when utilising the Group's statistical models and analytical tools. In addition, the Group's statistical models and analytical tools assess information which to some extent is provided by third parties, such as credit agencies, consultants performing asset valuation services, consultants performing audits of for example loan documentation, and other mainstream or public sources, or generated by software products. The Group only has limited control over the accuracy of such

information received from third parties. If such information is not accurate, portfolios may be incorrectly priced at the time of purchase, the recovery value for portfolios may be calculated inaccurately, the wrong collection strategy may be adopted and lower collection rates or higher operating expenses may be experienced. Further, historical information about portfolios may not be indicative of the characteristics of subsequent portfolios purchased from the same debt originator or within the same industry due to changes in business practices or economic development. Any of these events would have a material adverse effect on the Group's business, results of operations or financial condition.

Macroeconomic factors

The Group has in a larger scale invested in secured portfolios, and is hence more exposed to the risk of volatility in the real estate market. The real estate market is to a large extent affected by macroeconomic factors such as, inter alia, the general economic development and growth, employment trends, level of production of new premises and residential properties, changes in infrastructure, population growth, inflation and interest rate levels. If one or more of these factors would have a negative development, this could have a material negative impact on the value and underlying assets of the secured portfolios, and ultimately the Group's operations, earnings and financial conditions.

The Group may make new investments or pursue co-investments that prove unsuccessful

The Group has historically invested in consumer and corporate debt portfolios. In the future the Group may consider acquiring distressed assets portfolios with other types of underlying assets and/or apply new transaction structures including, but not limited to, acquiring minority interest, other debt securities or entire companies or businesses, in the Group's current geographical markets or in new markets. Such investments are exposed to a number of risks and uncertainty including, but not limited to, with respect to collections, ownership, rights, assets, liabilities, taxation, accounting treatment, licenses and permits, legal proceedings, financial resources and other aspects. These risks may be greater, more difficult or more extensive to analyse if the Group acquires new asset types and/or enters into unfamiliar countries or regions. Further, such investments involve risks due to difficulties in integrating operations, models, technology, information technology and hiring competent personnel. Any difficulties relating to new asset types, entering other markets or applying new transaction structures could require the Group to divert attention or funds from the Group's current core operations, which may affect the ability to generate a return on capital, service financing obligations, purchase portfolios and pursue portfolio acquisitions or other strategic opportunities and may impact the Group's future growth potential, and could have a material adverse effect on the Group's business, results of operations or financial condition.

There may not be a sufficient supply of distressed asset portfolios, or appropriately priced assets, to acquire

The availability of distressed asset portfolios at prices that generate profits depends on a number of factors, many of which are outside of the Group's control. If originators choose to rely more heavily on collection agencies, there would be a reduction in the availability of assets that are early in the financial difficulty cycle and have had little or no exposure to collection activity. These "fresher" assets typically have higher collection expectations. If originators were to perform more of their own collections, or were to further outsource collections to collection agencies, the volume of assets for sale or the quality of assets sold could decrease and, consequently, the Group may not be able to acquire the type and quantity of assets at attractive prices or at prices consistent with its historic return targets. If the Group does not continually replace serviced portfolios with additional portfolios,

this could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group may be unable to collect debts or it could take several years to realise cash returns on investments in acquired portfolios

The Group may not be able to collect debts contained in its acquired portfolios. The Group acquires distressed asset portfolios at a discount to face value and collects the outstanding debt. There is a risk that assets contained in the Group's portfolios cannot eventually be collected by the Group or its partners. The risk in this business is that the Group upon acquisition of invested assets would overestimate its ability to collect amounts, underestimate the costs of collection or misjudge whether the acquired assets are valid, existing and enforceable. If the Group were to become unable to collect the expected amounts contained in its portfolios it could have a material adverse effect on the Group's business, results of operations or financial condition. Further, after taking into consideration direct and indirect operating costs, financing costs, taxes and other factors, it may take several years for the Group to recoup the original acquisition price of investment in distressed asset portfolios. During this period, significant changes may occur in the economy, the regulatory environment or the Group's business or markets, which could lead to a substantial reduction in expected returns or reduce the value of the distressed asset portfolios that have been acquired which could have a material adverse effect on the Group's business, results of operations or financial condition.

The seasonality of the Group's business may lead to volatility in cash flow

The Group's business depends on the ability to collect on distressed asset portfolios and purchase of such portfolios. Debt collection is highly affected by seasonal factors including, but not limited to, the number of work days in a given month, the propensity of debtors to take holidays at particular times of the year and annual cycles in disposable income. Accordingly, collections within portfolios tend to have high seasonal variances, resulting in high variances of margins and profitability between quarters. Furthermore, the Group's debt portfolio purchases are likely to be uneven during the year due to fluctuating supply and demand within the market. In addition, the Group has increased its investments in secured loan portfolios which increases the Group's dependency on fewer, but larger payments which thereby increases the volatility of the Group's cash flow. The combination of seasonal collections, uneven purchases and investments in secured loan portfolios may result in low cash flow at a time when attractive distressed asset portfolios become available. There is a risk that in the future the Group will not be able to obtain interim funding from shareholders or make other borrowings. A lack of cash flow could prevent the Group from purchasing otherwise desirable distressed asset portfolios or prevent the Group to meet obligations, e.g. to pay interest, either of which could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group is exposed to the risk of currency fluctuations

The Group's revenue on invested assets is primarily denominated, inter alia, in EUR, Croatian kuna, Czech koruna, Hungarian forint, Romanian leu and Serbian dinar while the Group reports financial results in EUR. Further, the Group acquires portfolios with accounts denominated mainly in EUR, Croatian kuna, Czech koruna, Hungarian forint, Romanian leu and Serbian dinar and will service these accounts through the placement and collections process. The Group may further be exposed to additional currencies as a consequence of geographically expanding its business operations.

Since the headquarters of the Group is located in Sweden part of the Group's operating expenses are incurred in SEK. However, the headquarters of DDM Holding AG is located in Switzerland and a significant share of the operating expenses are thereby incurred in CHF. This makes the Group exposed to currency fluctuations in both SEK and CHF.

Historically the exchange rates between some of these currencies and EUR have fluctuated significantly and the Group's local currencies may in the future fluctuate significantly. Consequently, to the extent that foreign exchange rate exposures are not hedged, fluctuations in currencies may adversely affect the Group's financial results in ways unrelated to the operations and could affect the Group's financial statements when the results of its portfolios are translated into EUR for reporting purposes. Any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group is exposed to errors in the collection process and other operational issues or negative attention and news regarding the debt collection industry, individual debt collectors or sellers of portfolios

Debtors may become more reluctant to pay their debts in full or at all or become more willing to pursue legal actions against the Group. Print, television or online media may, from time to time, publish stories about the debt collection or asset acquisition industry that may cite specific examples of real or perceived abusive collection practices. Further, debt collection is a relatively new phenomenon in some of the markets where the Group is active, which could bring further attention to the Group, promoting negative publicity. These stories can be published on websites or other media platforms which can lead to the rapid dissemination of the story and increase the exposure to negative publicity about the Group or the industry. In addition, there are websites where debtors may list their concerns about the activities of debt collectors and financial institutions and seek guidance from other users on how to handle the situation. These websites are increasingly providing debtors with legal forms and other strategies to protest collection efforts and to try to avoid their obligations. To the extent that these forms and strategies are based upon erroneous legal information, there is a risk that the cost of collections is increased. Debtor blogs and claims management companies are becoming more common and add to the negative attention given to the industry. Certain of these organisations may also enable debtors to negotiate a larger discount on their payments than the Group would otherwise agree to. As a result of this publicity, debtors may be more reluctant to pay their debts or could pursue legal action against the Group regardless of whether those actions are warranted. These actions could impact the Group's ability to collect on the assets acquired and could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group may acquire portfolios that contain accounts that are not eligible to be collected or could be the subject of fraud when acquiring distressed asset portfolios

In the normal course of portfolio acquisitions, there is a risk that assets may be included in the portfolios that fail to conform to the terms of the acquisition agreements and the Group may seek to return these assets to the seller for refund or replacement of new cases. However, there is a risk that the provisions of the relevant acquisition agreement will not allow for such returns, that the seller will be able to meet its obligations or that the Group will identify non-conforming accounts soon enough to qualify for recourse. Accounts that would be eligible for recourse if discovered in a timely fashion but that the Group is unable to return to sellers are likely to yield no return. If the Group acquires portfolios containing a large amount of non-conforming accounts or containing accounts that are otherwise uncollectible, the Group may be unable to recover a sufficient amount for the portfolio acquisition to be profitable, which could have a material adverse effect on the Group's business, results of operations or financial condition.

In addition, due to fraud by a seller, a consultant or an employee, the Group could acquire so-called "phantom portfolios" that have been sold to more than one person or where the assets are not valid, existing and enforceable or the debtor is not an existing person. The Group would not be able to collect on a portfolio to which it has no legal ownership, or would need to spend time and resources

establishing its legal ownership of the portfolio if such ownership is uncertain. The internal controls the Group has in place to detect such types of fraud may fail. If the Group is the victim of fraud, it could have an impact on the Group's cash flow or reduce its collections from invested assets, in either case potentially adversely impacting the Group's business, results of operations or financial condition.

The Group's collections may decrease if the number of debtors becoming subject to personal insolvency procedures increases

The Group recovers on assets that become subject to insolvency procedures under applicable laws, and acquires accounts that are, at the time of the acquisition, subject to insolvency proceedings. Various economic trends and potential changes to existing legislation may contribute to an increase in the number of debtors subject to insolvency procedures. Under some insolvency procedures a person's assets may be sold to repay creditors, but since the non-performing assets may be unsecured, the Group may not be able to collect on those assets. The Group's ability to successfully collect on its distressed asset portfolios could decline following an increase in personal insolvency procedures or a change in insolvency laws, regulations, practices or procedures. If actual collections with respect to a distressed asset portfolio are significantly lower than projected when the Group acquired the portfolio, this would have a material adverse effect on the Group's business, results of operations or financial condition.

The IT and data analysis system used by the Group may not be successfully developed and maintained

The Group uses the IT System FUSION which is owned by the Issuer's indirect parent company DDM Group AG, but the Group has a right to use the IT system pursuant to the Management Agreement. FUSION provides possibilities to analyse and bid for new investments and manage current assets, and is important for the Group to carry out its business. IT and telecommunications technologies are evolving rapidly. DDM Group AG may not be successful in anticipating, managing or adopting technological changes on a timely basis and may not be successful in implementing improvements to its IT or data analysis systems. Potential problems to the IT system could result in management not being able to devote sufficient attention to other areas of the Group's business. Also, any security breach in the IT system used by the Group, or any temporary or permanent failure in the system or loss of data, could disrupt operations and have a material adverse effect on the Group's business, results of operations or financial condition.

The Group is exposed to refinancing risk

The Group's business is as of the date hereof to a large extent funded by an outstanding bond loan with final maturity in December 2020, and a super senior revolving credit facility maturing in March 2021. The outstanding bonds (and the Bonds) and/or the RCF may under certain circumstances set out in their respective terms and conditions, be redeemed or prepaid by DDM or accelerated by the bondholders prior to such final maturity date. There is a risk that there will be no correlation in time between collecting on sufficient assets under the Group's portfolios and the maturity of the Group's funding. Therefore, the Group is dependent on the ability to refinance borrowings upon their maturity and there is a risk that the Group will not be able to successfully refinance the bond loans and/or the RCF upon their maturity or only succeeds in securing funding at substantially increased costs, which could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group is exposed to the risk of inaccurate application of, and future changes in tax legislation

The Group manages its operations in a number of countries. The business, including transactions between the Group's companies, is operated according to the Group's understanding or interpretation of current tax laws, tax treaties and other tax law stipulations and in accordance with the Group's understanding and interpretation of the requirements of the tax authorities concerned. However, there is a risk that the Group's understanding or interpretation of the above-mentioned laws, treaties and other regulations is not correct in every aspect. There is a risk that the tax authorities of the countries concerned will make assessments and make decisions that deviate from the Group's understanding or interpretation of the abovementioned laws, treaties and other regulations. The Group's tax position and tax rates, both for previous years, the present year and future years may change as a result of the decisions of the tax authorities concerned or as a result of changed laws, treaties and other regulations. Such decisions or changes, possibly retroactive, could have a material adverse effect on the Group's business, results of operations or financial condition.

Potential risks relating to a Transfer event or a Domicile Event

The Group has investigated and have under the Terms and Conditions the possibility of moving the Issuer's fiscal and/or legal domicile to Luxembourg or via an intragroup transfer of assets establish a new issuing entity in Luxembourg. There is a risk that such transfer would have an adverse effect of the operations and business of the Group or take more time and be more costly than anticipated, which could have a material adverse effect on the Group's business, results of operations or financial condition.

Dependency on regulatory oversight and regulatory approval and consent in various markets

In certain markets, the Group is dependent on regulatory licenses in order to carry out its business. Obtaining and maintaining licenses and being in compliance with the regulatory framework can be expensive or labor intensive. Furthermore, there is a risk that, for a market in which the Group operates and where a license is required, the Group will not be able to obtain, maintain or renew such licenses. If the relevant authorities were to withdraw such licenses for any reason, there is a risk that the Group might have to cease part or all of its business in the relevant country, having an adverse effect on the Group's business, financial conditions and results. These risks vary between the markets, with more significant risks relating to regulatory oversight and approval, licenses and filings, in Greece, Hungary, Slovenia, Croatia and Romania.

Certain investment strategies, including co-investments and joint ventures, may limit the Group's control over particular investments

If the Group makes co-investments together with third parties or enters into joint ventures with third parties or invest in entities through debt securities, the ability of the Group to exercise control over these investments may be limited. Further, the interests of the Group's co-investment partners, any persons with which it pursues joint ventures or other shareholders in entities where the Group has invested through debt securities may conflict with the interests of the Group. There is a risk that any such conflict would not be resolved in favor of the Group which could have a material adverse effect on Group's business, results of operations or financial condition.

The Group is exposed to counterparty risk

Counterparty and counterparty credit risk refer to the risk that the Group's counterparties are unable to perform in accordance with its obligations or fulfill or meet their financial obligations towards the Group. The Group's current and potential joint venture partners, co-investors, collection service agencies, sellers or other counterparties may end up in a financial situation where they cannot pay amounts owed to the Group or make investments in joint projects or portfolios on its due date, or

otherwise abstain from fulfilling their obligations. Furthermore, sellers or other contractual parties that the Group are engaged with could make claims against the Group based on their opinion that the Group has not fulfilled or met its obligations towards them. If the Group's counterparties are not able to fulfill their obligations towards the Group, or if claims are directed towards the Group, it could negatively affect the Group's earnings and financial conditions.

The Group is dependent on future financing on attractive terms

The Group's business model and strategy entails that the Group regularly acquires additional distressed asset portfolios in existing or new markets. This business model and strategy may require additional debt or equity funding. The access to and the terms of such additional financing are affected by a number of factors including, but not limited to, successful collection on current distressed asset portfolios, terms and conditions of the Group's financing arrangements and related security arrangements, the general availability of capital and the Group's credit worthiness and credit capacity. Disruptions and uncertainty in the credit and capital markets may also limit access to additional capital. Should the Group become unable to secure additional funding, or only succeeds in securing additional funding on unfavorable terms, it could have a material adverse effect on the Group's business, results of operations or financial condition.

Risk of limited access to capital

The sub-prime and European financial crises have demonstrated certain inherent weaknesses in the global financial system. This can result in the weakening of confidence in financial markets, which may in turn lead to a reduced supply of money. The Group uses external funding in order to support its expansion. Typically, any disturbances in the banking and financial sector negatively affect leveraged businesses by increasing the cost of money necessary to conduct the day-to-day business and fuel their expansion, and by limiting access to funding. A limited availability of credit and limitations in access to financial and capital markets, combined with rising credit costs, may slow down, deteriorate, or even prevent the growth and further expansion of the Group entirely. In addition, the limitations may undermine the Group's potential to be profitable, which would have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

The Group may not have adequate insurance coverage

There is a risk of the Group's existing insurance coverage not being adequate for possible future needs and of the Group not being able to maintain the existing insurance coverage at a reasonable cost or maintain adequate insurance coverage. Moreover, the coverage that the Group obtains via its insurance policies may be limited, for example on account of monetary limits and the need to pay an excess or by the insurance company not compensating the full loss. It may be difficult and time-consuming to obtain compensation from insurance companies for losses covered by the Group's policies. Consequently, there is a risk that the Group's insurance cover will not cover all potential losses, whatever the cause, or of relevant insurance coverage not always being available at an acceptable cost, which could have a material adverse effect on the Group's business, results of operations or financial condition. Claims against the Group may also, regardless of the Group's insurance coverage, result in an increase in the premiums the Group pays under its insurance contracts. Significant increases in insurance premiums would have a material adverse effect on the Group's business, results of operations or financial condition.

Litigation, investigations and proceedings may negatively affect the Group's business

The Group may be adversely affected by judgments, settlements, unanticipated costs or other effects of legal and administrative proceedings that are pending or may be instituted in the future, or from

investigations by regulatory bodies or administrative agencies. The Group may also become subject to claims and a number of judicial and administrative proceedings considered normal in the course of the Group's operations including, but not limited to, consumer credit disputes, labor disputes, contract disputes, intellectual property disputes, government audits and proceedings, other disputes and tort claims. In some proceedings, the claimant may seek damages as well as other remedies, which, if granted, would require expenditures and may ultimately incur costs relating to these proceedings that exceed the Group's present or future financial accruals or insurance coverage. Even if the Group or its directors, officers, consultants and employees (as the case may be) are not ultimately found to be liable, defending claims or lawsuits could be expensive and time consuming, divert management resources, damage the Group's reputation and attract regulatory inquiries. Any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition.

Risks associated with expanding the business of the Group

As the Group has experienced significant growth and expansion in its current markets, and due to its establishment in new markets, the Group may experience significant strains on its managerial, operational and financial resources associated with the hiring and training of new employees, and the development and management of business functions and relationships with clients. A successful expansion is furthermore dependent on the Group's ability to adapt its organisation, know-how, and financial position to meet the various challenges associated with an extensive expansion and to acquire portfolios with sought after profitability. Hence, there is a risk that the Group invests time and financial resources in expansion strategies which turn out not to be successful, which would have an adverse effect on the Group's business, results of operations and financial conditions.

Dependency on key employees

The Group is dependent on the knowledge, experience and commitment of its employees for continued development and current ongoing projects. The Group is also dependent on key individuals at management level. There is a risk that the Group loses key individuals, or is unable to retain and attract competent employees resulting in adverse effects on the Group's business, earnings and financial conditions.

The Group's geographic presence and expansion exposes the Group to local risks in several European markets

The Group currently holds portfolios and pursues debt collection mainly in Greece, Croatia, Slovenia, the Czech Republic, Hungary, Romania and Serbia. The Group's business is subject to local risks due to the operations in multiple Southern, Central and Eastern European markets including, but not limited to, multiple national and local regulatory and compliance requirements relating to labor, licensing requirements, consumer credit, data protection, anti-corruption, anti-money laundering and other regulatory regimes, potential adverse tax consequences, antitrust regulations, an inability to enforce remedies in certain jurisdictions and geopolitical and social conditions in certain sectors of relevant markets. Furthermore, some of these countries, such as Greece, Serbia and Croatia, have an uncharted collection market with limited portfolio transactions. Consequently, there could be unforeseen risks and there may be unanticipated obstacles negatively affecting the Group. Hence, there is a risk that the Group invests time and financial resources in expansion strategies which turn out not to be successful, which could have an adverse effect on the Group's business, results of operations and financial conditions.

Furthermore, when entering new markets the Group could face additional risks including, but not limited to, incurring startup losses for several years due to lower levels of business, ramp up and

training costs, the lack of expertise in such markets, the lack of adequate and available management teams to monitor these operations, unfavorable commercial terms and difficulties in maintaining uniform standards, control procedures and policies. Any negative impact caused by the foregoing risks could have a material adverse effect on the Group's business, results of operations or financial condition. In addition, if the Group expands into new jurisdictions, the business will be subject to applicable laws, regulations and any licensing requirements in such new jurisdictions, which may be different or more stringent than the jurisdictions in which the Group currently operates.

Risk connected with related party transactions

Certain major shareholders of DDM Holding AG currently hold positions in the board of directors of the Group. There is a risk that such shareholders and the Group enter into transactions and arrangements as related parties. Even though the Group is of the opinion that such transactions are on arms' length, there is a risk that the transactions will be challenged by for example tax authorities, auditors or other regulatory authorities, which could have a negative effect on the Group's earnings and financial conditions.

Risks associated with the Bonds

Dependency on other companies within the Group

A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. The Issuer is thus dependent upon receipt of sufficient income and cash flow related to the operations of the subsidiaries. Consequently, the Issuer is dependent on the subsidiaries' availability of cash and their legal ability to pay management fees and make dividends which may from time to time be restricted by corporate restrictions and law. Should the Issuer not receive sufficient income from its subsidiaries, there is a risk that the bondholders' ability to receive interest payments and the Group's financial condition is adversely affected.

Credit risks

Investors in the Bonds assume a credit risk relating to the Group. The payments to bondholders under the Terms and Conditions are therefore dependent on the Group's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors, some of which have been mentioned above. An increased credit risk may cause 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 a decline in the financial position of the Group reduces the prospects of the Group to receive debt financing when the Bonds mature.

Refinancing risk

The Group may eventually be required to refinance certain or all of its outstanding debt, including the Bonds and loans. The Group's ability to successfully refinance its debt depends, among other things, on the conditions of the bank market, the capital markets and the Group's own financial condition at such time. The Group's access to financing sources may not be available on favourable terms or not available at all. The Group's inability to refinance its debt obligations on favourable terms, or to refinance them at all, would have a material adverse effect on the Group's business, operations, earnings and results and on the prospects of recovery by the bondholders under the Bonds.

Interest rate risks

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

Liquidity risks

The Group intends to apply for listing of the Bonds on Nasdaq Stockholm. However, there is a risk that the Bonds might not be admitted to trading. Further, even if the Bonds are admitted to trading on a regulated market, active trading in the Bonds does not always occur and hence there is a risk that a liquid market for trading in the Bonds will not form or will not be maintained, even if the Bonds are listed. As a result, the bondholders may be unable to sell their Bonds when they so desire or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market or for a sale at par. Lack of liquidity in the market can have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative of the market price of the Bonds if the Bonds are admitted for trading on Nasdaq Stockholm, as the Bonds may trade below their nominal value (for instance, to allow for the market's perception of a need for an increased risk premium).

It should also be noted that during any given period of time it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close-down of the relevant market or trade restrictions imposed on the market.

The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to general market conditions (including, without limitations, actual or expected changes in prevailing interest rates), actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations. If repeated in the future, there is a risk that the market price of the Bonds without regard to the Group's operating results, financial condition or prospects is adversely effected.

Risks relating to security and enforcement of security

Risks relating to the transaction security

Although the obligations under the Bonds are secured by first priority pledges over the shares in the Issuer and in the Issuer's direct subsidiaries it is not certain that the proceeds of any enforcement of the relevant security would be sufficient to satisfy all amounts then owed to the bondholders.

According to the Terms and Conditions, the Issuer may issue subsequent Bonds and the holders of such Bonds will be entitled to share the security that have been granted to the existing bondholders. There is a risk that the issue of subsequent Bonds has an adverse effect on the value of the security that have been granted to the bondholders.

The bondholders are represented by Intertrust (Sweden) AB as security agent (the "**Security Agent**") in all matters relating to the transaction security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security. Further, the transaction

security might be subject to certain hardening periods during which times the bondholders do not fully, or at all, benefit from the transaction security.

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

Risks relating to enforcement of the transaction security

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

The value of the intragroup loans granted by the Issuer to its subsidiaries, which will be subject to security in favour of the bondholders until the occurrence of a Security Release Event (as defined in the Terms and Conditions), are largely dependent on the subsidiaries' ability to repay such loans. Should the subsidiaries be unable to repay their debt obligations upon an enforcement of a pledge over the intragroup loans, there is a risk that the bondholders will not recover the full or any value of the security granted over the intragroup loans. In addition, after the occurrence of a Security Release Event, the pledge over the intragroup loans will be released.

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

Risks related to intercreditor arrangements

The Issuer has incurred additional super senior debt which, in accordance with the terms of the Intercreditor Agreement (as defined below), ranks senior to the Bonds. The Issuer also has the possibility under the terms and conditions to incur additional super senior debt or refinance such super senior debt. Further, the bonds under the Issuer's up to EUR 160,000,000 senior secured fixed rate bonds due 2020 rank pari passu with the Bonds, and the Issuer may incur additional financial indebtedness which also will rank pari passu with the Bonds. The relation between certain of the Issuer's creditors and the security agent will be governed by an intercreditor agreement (the "**Intercreditor Agreement**"). A facility agent appointed by a super senior lender acts as super senior representative under the Intercreditor Agreement. The security agent will in accordance with the Intercreditor Agreement in some cases take instructions from a super senior representative. There is a risk that the security agent and/or a super senior representative will act in a manner or give instructions not preferable to the bondholders. In addition, the security agent will in some cases take instructions from a senior representative, being those senior creditors whose senior debt at that time aggregate to more than 50 per cent of the total senior debt. If the outstanding senior debt towards other senior creditors than the bondholders exceed the obligations under the Bonds, the bondholders will therefore not be in a position to control the enforcement procedure.

If the outstanding obligations of the Group towards other secured creditors than the bondholders increase, there is a risk that the security position of the bondholders is impaired. Furthermore, there

is a risk that the security will not at all times cover the outstanding claims of the bondholders and the other secured creditors.

The Intercreditor Agreement also contain provisions regarding the application of proceeds from an enforcement of security in accordance with the following:

- a) firstly, in or towards payment pro rata of unpaid fees, costs, expenses and indemnities payable by the Issuer to the security agent;
- b) secondly, in or towards payment pro rata of unpaid fees, costs, expenses and indemnities payable by the Issuer to the issuing agent, the facility agent and the bonds agent;
- c) thirdly, towards payment pro rata of accrued interest unpaid under the super senior documents;
- d) fourthly, towards payment pro rata of principal under the super senior documents and any other costs or outstanding amounts under the super senior documents, and any close out amount and any other outstanding amounts under the hedging obligations;
- e) fifthly, towards payment pro rata of accrued interest unpaid under the senior debt (interest due on an earlier interest payment date to be paid before any interest due on a later interest payment date);
- f) sixthly, towards payment pro rata of principal under the senior debt;
- g) seventhly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Terms and Conditions and any senior debt documents;
- h) eighthly, after the final discharge date, towards payment pro rata of accrued interest unpaid and principal under the shareholder debt; and
- i) ninthly, after the final discharge date, in payment of the surplus (if any) to the relevant ICA group company or other person entitled to it.

There is a risk that the enforcement proceeds will not be sufficient in order for the Issuer to satisfy the waterfall provisions above.

Structural subordination and insolvency of subsidiaries

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

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

Security over assets granted to third parties

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

Corporate benefit limitations in providing security for third parties

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

Risks related to early redemption

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

No action against the Issuer and bondholders' representation

Under the Terms and Conditions for the Bonds, the bond trustee represents all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking unilateral actions against the Issuer or any other Group company. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Issuer or any other Group company and may therefore have no effective legal remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, may take unilateral action against the Issuer or any other Group company (in breach of the Terms and Conditions for the Bonds). This could adversely affect an acceleration of the Bonds or other actions against the Issuer or any other Group company.

To enable the bond trustee to represent bondholders in court, the bondholders and/or their nominees can be required to submit separate written powers of attorney for legal proceedings. If the bondholders fail to submit such a power of attorney this could negatively affect the legal proceedings. Under the Terms and Conditions for the Bonds, the bond trustee, in some cases, have the right to make decisions and take measures that are binding upon all bondholders. Consequently, the actions of the bond trustee in such matters could impact a bondholder's rights under the Terms and Conditions for the Bonds in a manner that would be undesirable for some bondholders.

Bondholders' meetings

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

Restrictions on the transferability of the Bonds

The Bonds are not and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in the United States. The Issuer has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Issuer will not register the Bonds under any other country's securities laws. It is each bondholder's and each succeeding investor's obligation to ensure that their respective offers and sales of the Bonds on the secondary market comply with all applicable securities laws. Should any investor violate the transfer restrictions that apply to the bonds there is a risk that such investor violates applicable securities laws, which can lead to adverse consequences.

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

The Bonds are affiliated to Euroclear's account-based system, and no physical notes have been or will be issued. Clearing and settlement relating to the Bonds are carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear's account-based system for clearing, settlement, payment and other matters or functionalities in respect of the Bonds addressed by Euroclear's account-based system.

Amended or new legislation

This Prospectus and the Terms and Conditions for the Bonds are based on Swedish law in force at the date of issuance of the Bonds. There is a risk that possible future legislative measures, regulations, changes or modifications to administrative practices or case law will affect this Prospectus and the Terms and Conditions.

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	DDM Debt AB (publ).
Bonds Offered	The aggregate amount of the bond loan will be an amount of up to a maximum of EUR 150,000,000. The Issuer may choose not to issue the full amount of Bonds on an issue date and may choose to issue the remaining amount of Bonds at one or more subsequent dates. At the date of this Prospectus, an initial amount of Bonds of EUR 100,000,000 was issued on 8 April 2019.
Number of Bonds	Maximum 1,500.
ISIN	SE0012454940
First Issue Date	8 April 2019.
Issue Price	All bonds issued on the First Issue Date have been issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount. The issue price of the Subsequent Bonds may be at a discount or at a premium compared to the Nominal Amount.
Interest Rates	Interest on the Bonds will be paid at 3 months EURIBOR plus 9.25 per cent. <i>per annum</i> .
Use of benchmark	Interest payable on the Bonds will be calculated by reference to EURIBOR. As at the date of this Prospectus, the administrator of EURIBOR is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.
Interest Payment Dates	8 January, 8 April, 8 July and 8 October of each year commencing on 8 July 2019. Interest will accrue from (but excluding) the First Issue Date.
Nominal Amount	The Bonds will have a nominal amount of EUR 100,000 and the minimum permissible investment in the Bonds is EUR 100,000.
Status of the Bonds	The Bonds are denominated in EUR and each Bond is constituted by the Terms and Conditions. The Issuer

undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.

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

- will at all times rank (i) at least *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and (ii) *pari passu* with any other Secured Debt (other than any super senior debt) in accordance with the Intercreditor Agreement, except those obligations which are mandatorily preferred by law, and without any preference among them (see "*Description of Material Agreements – Intercreditor Agreement*" for further details);
- are guaranteed by the Guarantor (as defined below);
- are effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness; and
- are structurally subordinated to any existing or future indebtedness of the subsidiaries and the associated companies of the Issuer.

Guarantee The Issuer's obligations under the Bonds are jointly and severally guaranteed (the "**Guarantee**") by DDM Finance AB, a private limited liability company incorporated under the laws of Sweden with reg. no. 559053-6214 (the "**Guarantor**").

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

Ranking of the Guarantee.... The Guarantee is a general obligation of the Guarantor and:

- (a) ranks *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not subordinated in right of payment to such Guarantee;
- (b) ranks senior in right of payment to any existing and future indebtedness of such Guarantor that is

expressly subordinated in right of payment to such Guarantee; and

- (c) is effectively subordinated to any existing or future indebtedness or obligation of such Guarantor that is secured by property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness.

The Guarantee is subject to certain limitations under local law and the terms of the Intercreditor Agreement.

Security The Bonds, together with obligations under the Senior Finance Documents (as defined in the Intercreditor Agreement) are secured by security interests granted on an equal and rateable first-priority basis over the share capital of certain Group Companies and other assets of the Group. See the definition of "**Security Documents**" in Clause 1.1 (*Definitions*) of the Terms and Conditions.

If the Existing Bonds (as defined in the Terms and Conditions) are redeemed or the terms of Existing Bonds are amended, the Issuer shall no longer be required to grant Security over Intercompany Loans, Additional Intercompany Loans, Deposit Account or Additional Deposit Account and the Trustee shall enable the release of such Security provided that a subordination agreement has been entered into whereby any intercompany claims within the Group are subordinated in relation to the Bonds.

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

Call Option Amount Call Option Amount means:

- (a) 104.625 per cent. of the Outstanding Nominal Amount plus the remaining interest payments up to and including the First Call Date together with accrued but unpaid Interest, if the Call Option is exercised any time from and including the First Issue Date to, but excluding, the First Call Date;
- (b) 104.625 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid Interest, if the Call Option is

exercised any time from and including the First Call Date to, but excluding, the first Business Day falling 24 months after the First Issue Date;

- (c) 101.850 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid Interest, any time from and including the date falling 24 months after the First Issue Date to, but excluding, the first Business Day falling 30 months after the First Issue Date; or
- (d) 100 per cent. of the Outstanding Nominal Amount together with accrued but unpaid Interest, any time from and including the date falling 30 months after the First Issue Date to, but excluding, the Final Maturity Date.

For the purpose of calculating the remaining interest payments under item (a) above, it shall be assumed that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant record date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.

- First Call Date.....** Means the date falling 18 months after the First Issue Date.
- Final Maturity Date** Means 8 April 2022.
- Change of Control.....** Upon a Change of Control Event (as defined below) occurring, each bondholder shall have the right to request that its Bonds are redeemed at a price per Bond equal to 101 per cent. of the Outstanding Nominal Amount together with accrued but unpaid Interest, during a period of thirty (30) days following a notice from the Issuer of the Change of Control Event.
- Change of Control Event.....** Means the occurrence of an event or series of events whereby any person, other than Demeter Finance S.à. r.l., or a person or persons acting in concert, acquires control over the Issuer, and where "control" means (a) controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

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

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

The Terms and Conditions contain a maintenance test pursuant to which the following financial covenants shall be met:

- the Equity Ratio is at least 15.00 per cent.;
- Net Interest Bearing Debt to Cash EBITDA does not exceed 4:1; and
- Net Interest Bearing Debt to ERC does not exceed 75.00 per cent.

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

Use of Proceeds The Issuer shall use the proceeds from the Initial Bond Issue, incurred by the Issuer in connection with the issue of the Initial Bonds, to (i) refinance the Refinancing Bonds, (ii) refinance a EUR 2,000,000 loan taken by DDM Group AG, (iii) finance purchase of Portfolios, (iv) finance general corporate purposes and (v) finance Transaction Costs.

The proceeds from any Subsequent Bond Issue shall be used to (i) finance purchase of Portfolios, (ii) finance general corporate purposes and (iii) finance Transaction Costs.

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

Listing	Application has been made to list the Bonds on Nasdaq Stockholm.
Agent	Intertrust (Sweden) AB, Swedish reg. no. 556625-5476, or another party replacing it, as Agent, in accordance with the Terms and Conditions.
Security Agent	Intertrust (Sweden) AB, or another party replacing it, as Security Agent, in accordance with the Intercreditor Agreement.
Issuing Agent	Arctic Securities AS, Sweden Branch.
Arrangers	ABG Sundal Collier ASA and Arctic Securities AS.
Governing Law of the Bonds	Swedish law.
Governing Law of the Intercreditor Agreement	Swedish law.
Governing Law of the Guarantee and Adherence Agreement	Swedish law.
Risk Factors	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 15 March 2019, and was subsequently issued by the Issuer on 8 April 2019. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

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

28 May 2019

DDM DEBT AB (PUBL)

The board of directors

DESCRIPTION OF MATERIAL AGREEMENTS

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

Intercreditor Agreement

The Issuer as company, the Guarantor as original shareholder creditor, Intertrust (Sweden) AB as original bonds agent and original security agent have entered into an intercreditor agreement dated 16 February 2017 (the "**Intercreditor Agreement**").

On 11 December 2017, Intertrust (Sweden) AB, as agent on behalf of the holders of the Existing Bonds (as defined below), acceded to the Intercreditor Agreement as new creditor and a secured party. On 27 December 2017, DDM Group AG and DDM Holding AG acceded to the Intercreditor Agreement as shareholder creditors and certain subsidiaries of the Group acceded as ICA group companies. On 25 March 2019, the lender under the Revolving Facility (as defined below) acceded to the Intercreditor Agreement as a super senior RCF agent, a super senior RCF creditor and a secured party. On 16 April 2019, Intertrust (Sweden) AB, as agent on behalf of the holders of the Bonds, acceded to the Intercreditor Agreement as new creditor and a secured party.

The terms of the Intercreditor Agreement provides for (i) a subordination of liabilities raised in the form of Shareholder Debt (as defined therein), and (ii) a senior ranking of the Secured Obligations (as defined therein), including, *inter alia*, the Bonds, and the Revolving Facility (as defined below). The Secured Obligations ranks *pari passu* and without any preference between them.

The senior ranking provides for sharing of the same security package but with a waterfall priority in relation to any enforcement proceeds, in accordance with Clause 13 (*Application of Recoveries*) of the Intercreditor Agreement. Pursuant to the waterfall provision, the Senior Creditors (as defined therein) (including the bondholders under the Bonds) will only receive proceeds upon enforcement actions (including proceeds received in connection with bankruptcy or other insolvency proceedings or any other Enforcement Action (as defined therein)) after the obligations towards the Security Agent, the Issuing Agent, the Bonds Agent and the Super Senior Creditors (including the provider of the Revolving Facility) (each as defined therein) have been repaid in full.

Up To EUR 160,000,000 Senior Secured Bonds

The Issuer and Intertrust (Sweden) AB have entered into terms and conditions for up to EUR 160,000,000 senior secured fixed rate bonds due 2020 (the "**Existing Bonds**"), dated 8 December 2017 pursuant to which the Issuer has issued initial bonds in the amount of EUR 50,000,000 on 11 December 2017. The purpose of the Existing Bonds was to finance purchase of Portfolios, (ii) finance general corporate purposes and (iii) finance transaction costs. The Existing Bonds have a fixed interest rate of 8 per cent. *per annum* payable semi-annually in arrears on the interest payment dates each year, and mature on 11 December 2020.

EUR 12,000,000 Senior Secured Notes

The Guarantor and Nordic Trustee & Agency AB (publ) have entered into terms and conditions for senior secured notes due 2019 (the "**DDM Finance Notes**"), dated 1 October 2018, pursuant to which the Guarantor has issued debt instruments in an aggregate amount of EUR 12,000,000. The purpose of the DDM Finance Notes was to use the proceeds towards refinance the EUR 10,000,000 bonds with

ISIN: SE0010546283 issued by the Guarantor. The DDM Finance Notes have a fixed interest rate with a margin step up after 6 months from the issue date and mature on 6 November 2019.

Super Senior Revolving Facility

The Issuer has entered into a super senior revolving facility agreement as borrower, dated 15 March 2019 (the "**Revolving Facility**"). The commitment under the Revolving Facility amounts to EUR 27,000,000. The commitment under the Revolving Facility has been provided to the Issuer to be applied for (i) financing administrative costs and (ii) general corporate purposes (including acquisitions) of the Group. The Revolving Facility has a floating interest rate and matures 15 March 2021, with an uncommitted extension option.

Guarantee and Adherence Agreement

The Guarantor as guarantor, the Issuer as company and Intertrust (Sweden) AB as security agent have entered into a guarantee and adherence agreement with the Security Agent dated 16 February 2017 (the "**Guarantee and Adherence Agreement**"), pursuant to which the Guarantor has agreed to jointly and severally guarantee the Group's obligations as follows:

- the full and punctual payment and performance within applicable grace periods of all present and future payment obligations and liabilities of the Issuer and the Guarantor, including the payment of principal and premium, if any, and interest under the Senior Finance Documents (as defined in the Intercreditor Agreement) when due, whether at maturity, by acceleration, by redemption or otherwise, and interest on any such obligation which is overdue, and of all other monetary obligations of the Issuer or the Guarantor to the Secured Parties (as defined in Intercreditor Agreement);
- the full and punctual performance within applicable grace periods of all other obligations and liabilities of the Issuer or the Guarantor under the Senior Finance Documents;
- to indemnify each Secured Party against any loss incurred by such Secured Party arising out of the non-payment, invalidity or unenforceability of the Guaranteed Obligations (as defined in the Guarantee and Adherence Agreement), in each case, all in accordance with the terms of the Senior Finance Documents; and
- the full and punctual performance of the Issuer and the Guarantor under any Senior Finance Document to which it is a party.

The Guarantee is subject to the Intercreditor Agreement and certain limitations imposed by local law requirements in Sweden.

Management Agreement

The Group has a management agreement with DDM Group AG regarding services required in the Group's business (including management of the distressed assets and assistance in acquiring new debt portfolios). According to the Terms and Conditions the annual management fee for the services provided may not exceed an amount per annum equivalent to the aggregated personnel expenses, consulting expenses, listing and exchange expenses, auditor's expenses and other operating expenses (calculated in accordance with IFRS) of the DDM Holding Group relating to the Group, the Group's business or DDM Holding AG (or its legal successor) (each as defined in the Terms and Conditions).

DESCRIPTION OF THE GROUP

History and development

DDM Debt AB (publ) was incorporated on 24 February 2016 and is a Swedish public limited liability company operating under the laws of Sweden with reg. no. 559053-6230.

The registered office of the Company is Västra Trädgårdsgatan 15, 111 53 Stockholm, Sweden, and the Company's headquarters is located at the same address, with telephone number +46 8 4080 9030.

In accordance with the articles of association of the Company, adopted on 26 May 2016, the objectives of the Company are to issue bond loans in the capital market, to lend borrowed funds to group companies against security and to conduct related activities, however without conducting business that requires permit under the Banking and Financing Business Act (Sw. *Lag (2004:297) om bank- och finansieringsrörelse*). The Company's subsidiaries shall conduct business relating to purchase of debt.

The Company serves as a special purpose vehicle for the purpose of raising funds to its subsidiaries, which in turn invest in distressed debt in Southern, Central and Eastern Europe. As of the date of this Prospectus, the Group has invested in distressed assets mainly in Greece, Croatia, Slovenia, the Czech Republic, Hungary, Romania and Serbia.

Business and operations

Business model

The Group invests in and manages distressed assets in Southern, Central and Eastern Europe with a business model where the collection process is either outsourced to a collection agency or managed in-house by a partially owned subsidiary performing collection services. The outsourced collection agencies are mainly used in relation to unsecured distressed asset portfolios, whilst certain secured portfolios are partially managed in-house. The outsourced collection process is closely monitored, and close relationships with sellers and collection agencies are maintained to secure a steady and attractive deal flow. The business model is particularly suitable for the more immature and often smaller sized but profitable Southern, Central and Eastern European markets where flexibility, speed in decision-making and reputation, while maintaining standardised processes, are key success factors.

Key activities are the acquisition and management of distressed assets. The Group uses the IT system FUSION which provides advanced processes for analysis, pricing and management of acquired unsecured distressed asset portfolios as well as methods on how to partner with collection agencies in a local market in order to optimise outsourced collections from a portfolio while ensuring correct and ethical treatment of debtors. The Group manually processes the analysis, pricing and management of secured portfolios.

The Group aims to be a strategic, long-term partner for international banks and financial institutions in Europe to allow for a steady and increasing deal flow. DDM Group AG has implemented structured and automated processes for the evaluation of distressed asset portfolios, which the Group benefits from via the Management Agreement. As a result, the Group can often deliver faster decisions and a more rapid completion process, compared to its larger competitors¹.

The Group has established relationships with top tier local collection agencies² and has during 2019 established in-house debt collection services through a partially owned subsidiary. This set-up allows for flexibility and agility for the Group when evaluating and managing different distressed assets. In

¹ Source: the Issuer's assessment.

² Source: the Issuer's assessment.

addition, it promotes increased profitability as claims can be reallocated between agents or in-house managers to optimise collections.

Operations and processes

The distressed asset management process consists of the acquisition of distressed asset portfolios and the subsequent management of recovering the acquired debt.

Distressed assets emerge when a debtor fails to service its debt. When this happens the financial institute holding such debt may issue a tender invitation to purchase the distressed asset. The assets are often compiled into a portfolio containing several distressed assets. The Group initiates the acquisition of distressed portfolios by conducting an analysis of the portfolio. The analysis of smaller unsecured portfolios are usually conducted by using the FUSION database, and the secured portfolios are evaluated manually by the Group. When the analysis is completed a pricing base for the portfolio is established. The Group then contacts the seller to negotiate the acquisition of the distressed portfolio which is finalised in an investment agreement.

The management process for the acquired portfolios is mainly selecting a suitable process for collections either through a collection agency or in-house managers. The Group contemplates to use external debt collection agencies for smaller unsecured portfolios and in-house debt collection services for secured portfolios.

Asset acquisition process

In essence, the sales process for a distressed asset portfolio can be conducted as an open tender, direct sales or forward-flow transaction.

- *Open tender:* In an open tender, the Group bids on a particular portfolio which is openly offered to several potential acquirers.
- *Direct sales:* In a direct sales process, the Group engages with the relevant seller bilaterally and negotiates tailored terms. Direct sales transactions are generally beneficial for the Group as price transparency and price pressure are generally low, and as they give the Group a greater influence over the final composition of the portfolio and thereby the possibility to tailor it to fit the prevailing investment appetite.

For some sellers of portfolios, the sales process is highly sensitive from a marketing perspective and therefore the seller sometimes prefers to perform sales on a bilateral basis rather than through an open tender.

- *Forward-flow transactions:* In forward-flow transactions, an agreement is made for purchases of distressed asset portfolios that fulfil certain criteria on an on-going, regular basis. Forward-flow transactions might be a part of building long-term business relationships, as well as reducing transaction costs. Historically the Group acquired some portfolios through forward-flow transactions, however there are currently no such transactions in place.

Portfolio management process

Operating in the distressed asset industry, the Group recognises the importance of managing its collection-partner relations for various reasons, including but not limited to, protecting the seller's reputation and ensuring correct and ethical debtor treatment as well as data confidentiality.

- *Referral:* As the Group outsources part of the collections process it can select a collection agency suitable for collection of a particular asset. Stemming from its geographic focus on

Southern, Central and Eastern Europe and early presence in some of these markets, the Group has strong relationships with top collection agencies³ in its markets and knows their relative strengths. Examples of selection criteria of a collection agency include size, age, type and geography of the acquired asset portfolio.

- *Monitoring*: If a portfolio has been placed with an external collection agency or the Group's in-house collection service, the Group monitors the collection performance, in order to optimise the conversion level within the required cost budget and time frame. A daily data file with actions taken is delivered to the Group, which could trigger an immediate action from the Group's side if there is a deviation from the plan.

An additional level of control includes scheduled on-site visits and an impromptu visit to ensure the highest level of quality of the Group's partner agencies. These visits normally include various evaluation aspects, carefully selected and refined by the DDM Holding Group (as defined in the Terms and Conditions) over the course of the past 12 years.

As an ordinary practice, the Group collects various data and information from the collection agencies and its in-house collection service. It is a complex and multifaceted process, including a thorough description of daily debtor payments, an in depth description of agency commission, samples of standard process documentation and several other actions.

IT system

The Group uses the IT system FUSION which integrates investment-, case-, payment- and activity-data into one comprehensive IT solution. FUSION mirrors the Group's business model and provides an innovative processing solution in which data is stored and analysed on a granular level. The Group estimates that FUSION, as of today, includes over 2.3 million cases which have a total gross collection value of over EUR 4 billion as of acquisition date in its database.

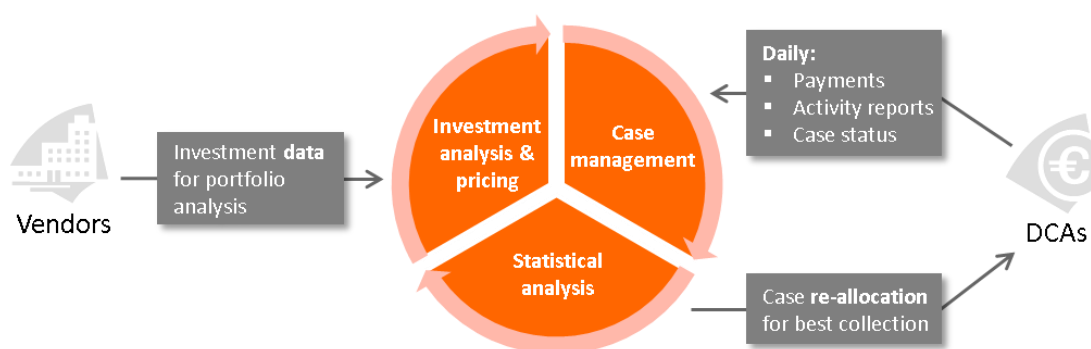
Using the vast amount of captured data in FUSION, the Group creates business value by, among other things:

- *Higher accuracy in pricing and evaluation of distressed asset portfolios*: Increased accuracy when evaluating and bidding for distressed asset portfolios, using internal and external data for benchmarking.
- *Lowered credit risk*: Via aggregation of collection data the ability to forecast future payment patterns increases, which reduces the risks of forecasting.
- *Management of outsourced collections*: Ability to outsource and control collection agents efficiently.
- *Improved collection efficiency*: Improved collection efficiency using case status and activities composed by collection partners, constantly evaluating the best-suited agency for each portfolio.

The integration of FUSION with collection partners and sellers via daily upload files enables the Group to have full operating control over its assets and enhances both collections and pricing of new acquisitions. The diagram below illustrates an overview of the main data flows.

³ Source: the Issuer's assessment.

FUSION system overview with main data flows



Market overview

The Group is active in the distressed assets industry, with a focus on NPLs (non-performing loans) and performing loans ('in a distressed situation'). The business consists primarily of the acquisition of loan portfolios from financial institutions and collection of the debt outstanding.

Revenues in the industry stem from the margin created by acquiring loan portfolios at a discount and then collecting the outstanding debt. There are two main categories of distressed debt. The first may be referred to as business-to-business (B2B) and is made up of distressed obligations held by one company against another. In this segment it is quite common that the holder sells portfolios of debt to professional third parties.

The second category is distressed consumer debt, i.e. debt held against consumers that for some reason is not fully and/or promptly served. The traditional way for a company that holds such debt has been to give an assignment to a collection company. The collection company would then, acting as an agent, attempt to collect as much as possible and for this service charge a commission based on the collected amount.

Debt collection has a long tradition, for example the Swedish Debt Collection Act (*Sw. Inkassolagen (1974:182)*) enacted in 1974, and other laws and regulations are well established in most countries in Europe. Debt collection is now an integrated part of any business activity. However, for the past decade there has been a new development in the European market, a trend that was seen in the US already during the 90's. Banks are increasingly looking for alternatives to the lengthy process of keeping their distressed assets on their balance sheets while outsourcing the collection activity and outright divestment of their distressed asset portfolios is viewed as an attractive alternative.

Share capital and ownership structure

The shares of the Company are denominated in EUR. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Company had an issued share capital of EUR 54,000 divided into 54,000 of shares.

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

<i>Shareholder</i>	<i>No. of shares</i>	<i>Share capital</i>	<i>Voting Rights</i>
DDM Finance AB	54,000	100.00 %	100.00 %
Total	54,000	100.00 %	100.00 %

The shares of the Guarantor are denominated in EUR. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Guarantor had an issued share capital of EUR 5,629 divided into 500 shares.

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

<i>Shareholder</i>	<i>No. of shares</i>	<i>Share capital</i>	<i>Voting Rights</i>
DDM Group AG	500	100.00 %	100.00 %
Total	500	100.00 %	100.00 %

DDM Holding AG, a company duly incorporated under the laws of Switzerland with its shares listed on Nasdaq First North, is the ultimate shareholder of the Issuer, the Guarantor and the Group.

On 17 December 2018, Demeter Finance S.à r.l., a limited liability company duly incorporated under the laws of Luxembourg, announced a public cash offer to the shareholders of DDM Holding AG to acquire all outstanding shares in DDM Holding AG subject to certain completion conditions. The prolonged public offer expired on 8 May 2019. The offer was accepted by shareholders representing a total of 29.33 percent of the outstanding shares in DDM Holding AG and the offer will be settled during end of May 2019.

The following table sets forth an overview of shareholders in DDM Holding AG following the completion of the offer.

<i>Name</i>	<i>Total holding of shares (thousands)</i>	<i>Percentage of capital and votes</i>
Demeter Finance S.à. r.l.:	10,743	79.22
Total other shareholders:	2,818	20.78
TOTAL:	13,560	100.0%

Shareholders' agreements

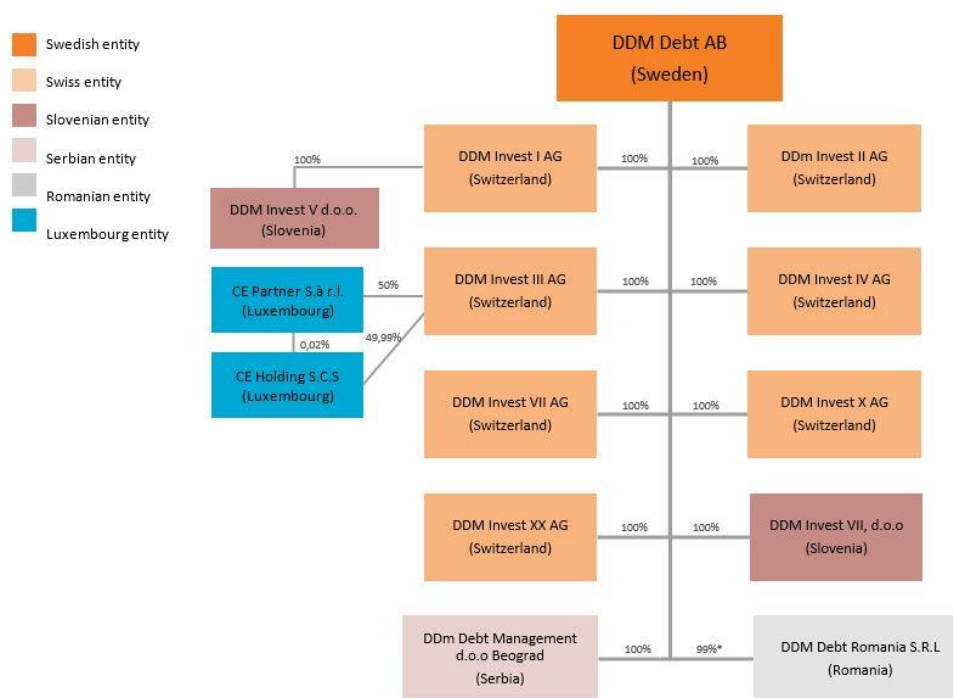
Neither the Issuer nor the Guarantor is not aware of the existence of any shareholder's agreement which may at a subsequent date result in a change in control of the Group.

Overview of Group structure

As of the date of this Prospectus, the Guarantor has 1 direct and wholly-owned subsidiary and the Issuer has 9 directly wholly-owned subsidiaries and 1 subsidiary which is wholly-owned together with another wholly-owned subsidiary. Further, at the date of this Prospectus the Issuer is in the process of establishing an additional wholly-owned subsidiary which will be incorporated under the laws of Austria.

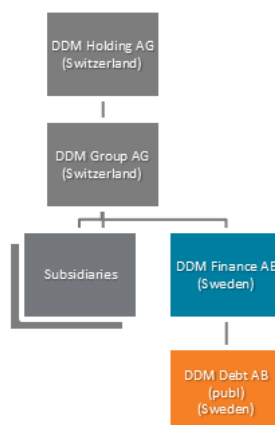
Operations are conducted by the subsidiaries and the Issuer is thus dependent on its subsidiaries to generate revenues and profit in order to be able to fulfil its payment obligations under the Bonds.

The structure of the Group, including its subsidiaries is set out below.



* DDM Invest XX AG holds 1% of the remaining equity in DDM Debt Romania S.R.L.

The structure of the Group including the Guarantor and the ultimate parent is set out below. Unless specified in the overview below, all subsidiaries are 100% owned.



Recent events

There has been no recent event particular to the Group which is to a material extent relevant to the evaluation of the Issuer's or the Guarantor's solvency.

Significant change and trend information

There has been no material adverse change in the prospects of the Issuer or the Guarantor since the date of publication of its last audited annual accounts. There has been no significant change in the financial or trading position of the Issuer or the Guarantor since the end of the last financial year for which audited financial information has been published.

Legal and arbitration proceedings

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

Credit rating

No credit rating has been assigned to the Issuer or the Guarantor, or any of their debt securities.

MANAGEMENT

The board of directors of the Issuer currently consists of 3 board members. The board of directors and the management can be contacted through the Issuer at its headquarters at Västra Trädgårdsgatan 15, 111 53 Stockholm. Further information on the members of the board of directors and the management is set forth below.

Board of directors of the Issuer

Torgny Hellström, chairman of the board since 2014.

Education: *LL.M., Stockholm University. IBM Executive Education with Thunderbird (University of Phoenix). Swedish Army War Academy.*

Current commitments: *Chairman of the board of directors of Precise Biometrics AB, Chairman of the board of directors of Starbreeze AB, board member of Ruddex International AB (wholly owned by Torgny Hellström).*

Fredrik Waker, member of the board and deputy managing director since 2016.

Education: *M.Sc. in Business and Economics, Stockholm University.*

Current commitments: *Owner, deputy CEO and chairman of the board of directors of Wakers Consulting AB, and CEO and board member of Wakers Affärsrådgivning AB. Chairman of Wakers Holding AB, and board member of Srf konsulterna AB, Rekaw Konsult AB, Frewako Waker Löttiger Aktiebolag, Fredrik Waker AB, P2 Energi AB, P2 Projektpartner AB and deputy board member of Nybroviken Development AB and limited partner of EXPLICIT företagsplanering Kommanditbolag.*

Erik Fällström, member of the board since 2017.

Education: *Stockholm School of Economics.*

Current commitments: *Chairman of Aldridge EDC Specialty Finance Ltd., and Executive Chairman of EDC Advisors Ltd. Member of the boards of directors of CST Global Ltd, European Digital Capital Ltd., Polaris International S.A. (previously Hoist Investments S.A), Siverts IMA AB and Tornado Investments S.A. (previously Hoist Group S.A.).*

Board of directors of the Guarantor

The board of directors of the Guarantor currently consists of 3 board members. The board of directors and the management can be contacted through the same address as the Issuer. Further information on the members of the board of directors and the management is set forth below.

Torgny Hellström, member of the board since 2016.

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

Current commitments: *See "Board of directors of the Issuer" for further details.*

Fredrik Waker, member of the board since 2016.

Education: See "Board of directors of the Issuer" for further details.

Current commitments: See "Board of directors of the Issuer" for further details.

Henrik Wennerholm, member of the board since 2018

Education: M.Sc. in International Economics and Business, Stockholm School of Economics.

Current commitments: See "Management of the Group" for further details.

Management**Henrik Wennerholm, CEO**

Henrik Wennerholm is the CEO of the Group since 2018. Mr. Wennerholm has M.Sc. in International Economics and Business, Stockholm School of Economics.

Other assignments: Chairman of the supervisory board in Engjo Bygg AB, Aktiebolaget Frösakulls Havsbad, Trerik Fastigheter AB, Borgarets Skogs AB, FastighetsAktiebolaget Komsper, TYLÖ Kabel-TV Aktiebolag, Kronolunds Fastigheter AB, Wennerholms Fastighetsförmedling Halmstad aktiebolag, Wennerholm Holding AB, FemWen AB, FemWen AS, Niovåningar AB and Trerik Aktiebolag, Chairman of the Management Board in Lombard Pénzügyi és Lízing Zártkörűen Működő Részvénytársaság and Lombard Ingatlan Lízing Zártkörűen Működő Részvénytársaság.

Fredrik Olsson, CFO

Fredrik Olsson is the CFO of the Group since 2014. Mr. Olsson has a B.Sc. in Accounting and Finance from the University of Lund.

Other assignments: None.

Alessandro Pappalardo, CIO and member of the Investment Committee

Alessandro Pappalardo is the head of the investment office of the Group since 2018. Mr. Pappalardo has studied at Bocconi University in Milan.

Other assignments: None

Conflicts of interest within administrative, management and control bodies

Torgny Hellström and Fredrik Waker, both being board members of the Issuer, are also board members of the Guarantor and the Issuer's and the Guarantor's ultimate parent company DDM Holding AG. Erik Fällström, being a board member of the Issuer, is also a board member of DDM Holding AG.

Henrik Wennerholm and Fredrik Olsson, both being a part of the Group's management, own as of the date of this Prospectus, 112,178 and 105,429 number of shares in DDM Holding AG, respectively.

Erik Fällström, being a board member of the Issuer, owns as of the date of this Prospectus, 9,905,301 number of shares in DDM Holding AG indirectly through Demeter Finance S.à. r.l., a company which Erik Fällström is the majority owner of.

While the Issuer recognises the potential conflicts described above, the Issuer does not believe that such potential conflicts constitute an actual conflict of interest between such individuals' duties to the Issuer and their private interests or other commitments.

Interest of natural and legal persons involved in the issue

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

HISTORICAL FINANCIAL INFORMATION

Historical financial information

The Group's consolidated financial statements for the financial years ended 31 December 2018 and 31 December 2017 and the Guarantor's unconsolidated financial statements for the financial years ended 31 December 2018 and 31 December 2017 as set out below are incorporated into this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

The Guarantor's unconsolidated financial statements has been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act.

Other than the auditing of the Group's consolidated financial statements for the financial years ended 31 December 2018 and 31 December 2017 and the Guarantor's unconsolidated financial statements for the financial years ended 31 December 2018 and 31 December 2017 the Group's or the Guarantor's auditor has not audited or reviewed any part of this Prospectus.

The Group's consolidated financial statements for the financial year ended 31 December 2018 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- consolidated income statement, page 12;
- consolidated balance sheet, page 13;
- consolidated cash flow statement, page 14;
- consolidated statement of changes in equity, page 15;
- notes, pages 20-48; and
- the audit report, pages 53-57.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Group's consolidated financial statements for the financial year ended 31 December 2017 is incorporated into this Prospectus by reference. The other information set out in the consolidated financial statements for the financial year ended 31 December 2017 is deemed to not be relevant for the purpose of the Prospectus Regulation as corresponding up to date information is included in the consolidated financial statements for the financial year ended 31 December 2018.

- consolidated income statement, page 12;
- consolidated balance sheet, page 13;
- consolidated cash flow statement, page 14;
- consolidated statement of changes in equity, page 15;
- notes, pages 20-47; and
- the audit report, pages 52-55.

The Guarantor's unconsolidated financial statements for the financial year ended 31 December 2018 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- unconsolidated income statement, page 7;

- unconsolidated balance sheet, page 8;
- unconsolidated cash flow statement, page 9;
- unconsolidated statement of changes in equity, page 10;
- notes, pages 11-16; and
- the audit report, pages 18-19.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Guarantor's unconsolidated financial statements for the financial year ended 31 December 2017 is incorporated into this Prospectus by reference. The other information set out in the unconsolidated financial statements for the financial year ended 31 December 2017 is deemed to not be relevant for the purpose of the Prospectus Regulation as corresponding up to date information is included in the unconsolidated financial statements for the financial year ended 31 December 2018.

- unconsolidated income statement, page 7;
- unconsolidated balance sheet, page 8;
- unconsolidated cash flow statement, page 9;
- unconsolidated statement of changes in equity, page 9;
- notes, pages 10-15; and
- the audit report, pages 17-19.

Auditing of the annual historical financial information

The Company's consolidated financial statements for the financial years ending on 31 December 2018 and 31 December 2017 and the Guarantor's unconsolidated financial statements for the financial years ended 31 December 2018 and 31 December 2017 have been audited, as applicable, by Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm ("**PwC Sweden**"). PwC Sweden has been the Company's and the Guarantor's auditor since 2016. Michael Bengtsson was the auditor in charge of the audit of the Company and the Guarantor for the financial years ended 31 December 2018 and 31 December 2017. Michael Bengtsson is an authorised auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

The auditing of the consolidated financial statements of the Group and the unconsolidated financial statements of the Guarantor were conducted in accordance with international standards on auditing and generally accepted auditing standards in Sweden and the audit reports were submitted without qualifications.

Age of the most recent financial information

The most recent financial information has been taken from the consolidated financial statements of the Issuer for the financial year ended 31 December 2018 and the unconsolidated financial statements of the Guarantor for the financial year ended 31 December 2018, which was published on 29 March 2019 and 7 May 2019, respectively, on the Issuer's website ddm-group.ch.

OTHER INFORMATION

Assurance regarding the Prospectus

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

Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an initial amount of EUR 100,000,000 and the Issuer may, subject to certain conditions set out in the Terms and Conditions, issue additional Bonds. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed EUR 150,000,000 unless a consent from the bondholders is obtained in accordance with Clause 16(e)(i) of the Terms and Conditions. Each Bond has a nominal amount of EUR 100,000. The ISIN for the Bonds is SE0012454940.

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.

The Guarantor

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

DDM Finance AB is a private limited liability company incorporated in Sweden since 24 February 2016. It is registered with the Swedish Companies Registration Office, reg. no. 559053-6214. Its registered address is DDM Finance AB, Västra Trädgårdsgatan 15, 111 53 Stockholm.

In accordance with the articles of association of the Guarantor, adopted on 25 May 2016, the objects of the Guarantor are to own the shares of the Issuer and, indirectly, the shares of the Issuer's subsidiaries and to provide credit support for financing in its subsidiaries and thereto related activities. The direct and indirect subsidiaries of the Issuer conducts the business of the Group. The Guarantor is thus dependent on such subsidiaries to generate revenues and profit.

Material contracts

Other than as described under the section entitled "*Description of Material Agreements*" herein, neither the Group nor the Guarantor has entered into any material contracts not in the ordinary course of its business and which may affect the ability to fulfil its obligations under the Bonds.

Documents incorporated by reference

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

- the Group's consolidated financial statements and audit reports for the financial year ended 31 December 2018 (ddm-group.ch/investors/financial-reports/annual-reports);
- pages 12-15, 20-47 and 52-55 from the Group's consolidated financial statements for the financial year which ended 31 December 2017 including the audit report (ddm-group.ch/investors/financial-reports/annual-reports);
- the Guarantor's unconsolidated financial statements and audit reports for the financial year ended 31 December 2018 (ddm-group.ch/investors/ddm-debt-ab-publ/financial-reports); and
- pages 7-15 and 17-19 from the Guarantor's unconsolidated financial statements for the financial year which ended 31 December 2017 including the audit report (ddm-group.ch/investors/ddm-debt-ab-publ/financial-reports).

Documents available for inspection

The following documents are available at the Company's headquarters at Västra Trädgårdsgatan 15, 111 53 Stockholm, Sweden, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus.

- the Company's and the Guarantor's articles of association and certificate of registration;
- the Group's consolidated financial statements and audit report for the financial year ended 31 December 2018 and the financial year ended 31 December 2017;
- the Guarantor's unconsolidated financial statements and audit report for the financial year ended 31 December 2018 and the financial year ended 31 December 2017;
- the financial statements and audit reports for the financial year ended 31 December 2018 and for the financial year ended 31 December 2017 for each company within the Group (to the extent such Group companies were incorporated during 2018 or 2017 and have issued financial statements and audit reports for such financial years);
- this Prospectus;
- the Terms and Conditions;
- the Intercreditor Agreement; and
- the Guarantee and Adherence Agreement.

The following documents are also available in electronic form on the Company's website ddm-group.ch:

- the Group's consolidated financial statements and audit report for the financial year ended 31 December 2018 and the financial year ended 31 December 2017;
- the Guarantor's unconsolidated financial statements and audit report for the financial year ended 31 December 2018 and the financial year ended 31 December 2017;
- the Terms and Conditions; and

- this Prospectus.

Listing costs

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 300,000.

TERMS AND CONDITIONS OF THE BONDS

1. Definitions and Construction**1.1 Definitions**

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

"**Accession Agreement**" has the meaning ascribed to such term in the Intercreditor Agreement".

"**Additional Deposit Account**" means a bank account of the Issuer held with a Swedish bank which has been pledged in favour of the Security Agent under the Additional Deposit Account Pledge Agreement.

"**Additional Deposit Account Pledge Agreement**" means the pledge agreement to be entered into between the Issuer, the Security Agent and DDM Finance AB (acting as agent for the Security Agent) in respect of a first priority pledge over the Additional Deposit Account and all funds held on the Additional Deposit Account from time to time, granted in favour of the Secured Parties.

"**Additional Intercompany Loan**" means loans from the Issuer to a Subsidiary where the net intercompany loan position between the Issuer (as creditor) and the relevant Subsidiary exceeds EUR 10,000,000 or such higher threshold amount prescribed as intercompany loans in the terms of any debt incurred pursuant to paragraph (e) of the definition of Permitted Debt. However, an intercompany loan between the Issuer (as creditor) and a relevant Subsidiary shall not be considered to be an Additional Intercompany Loan if it is an Intercompany Loan or if the total aggregated amount of Intercompany Loans and Additional Intercompany Loans outstanding exceeds the aggregated nominal amount of Existing Bonds, Bonds and any New Debt outstanding.

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

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

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

"**Affiliate**" means any Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"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, regarding, inter alia, the remuneration payable to the Agent.

"Agent" means Intertrust (Sweden) AB or another party replacing it, as Agent, acting for and on behalf of the Bondholders, in accordance with these Terms and Conditions and, as relevant, the Finance Documents.

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

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

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

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

"Business Day" means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midсомmarafton*), 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 EBITDA" means the Net Collections and revenues from management fees paid by co-investors less Cash EBITDA Operating Expenses.

"Cash EBITDA Operating Expenses" means personnel expenses, consulting expenses and other operating expenses, including the Management Fees, excluding any non-recurring exceptional items in an amount up to 10 per cent. of the EBITDA for the relevant year (based on EBITDA calculated without consideration to non-recurring exceptional items).

"Change of Control Event" means the occurrence of an event or series of events whereby any person, other than Demeter Finance Sarl, or a person or persons acting in concert, acquires control over the Issuer, and where "control" means (a) controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

"Completion Date" means the date of disbursements of the proceeds from the Proceeds Account.

"Compliance Certificate" means a certificate, in form and substance satisfactory to the Agent, signed on behalf of the Issuer certifying (i) the satisfaction of the Maintenance Test (including figures in respect of the relevant financial covenant(s) and the basis on which they/it has/have been calculated), and (ii) that so far as it is aware no Event of Default is continuing or, if it is

aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it.

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

"**DDM Finance AB**" means DDM Finance AB, a limited liability company incorporated under the laws of Sweden with Reg. No. 559053-6214.

"**DDM Group AG**" means DDM Group AG, a limited liability company (De: *aktiengesellschaft*) incorporated under the laws of Switzerland with business identity code: CHE-115278533.

"**DDM Holding Group**" means DDM Holding AG, or any other company replacing DDM Holding AG as the ultimate parent company of the Group, and its Subsidiaries from time to time.

"**Delisting**" means the occurrence of an event or series of events where the shares of DDM Holding AG (or any of its legal successors) ceases to be listed on Nasdaq First North or Nasdaq Stockholm or the trading in the shares of DDM Holding AG (or any of its legal successors) on Nasdaq First North or Nasdaq Stockholm is suspended for a period of fifteen (15) consecutive Business Days (when Nasdaq First North or Nasdaq Stockholm (as applicable) is at the same time open for trading).

"**Deposit Account**" means the bank account with account number 8327-9, 337 672 630-7 held by the Issuer with Swedbank AB (publ).

"**Deposit Account Pledge Agreement**" means the pledge agreement dated 16 February 2017 and entered into between the Issuer, the Security Agent and DDM Finance AB (acting as agent for the Security Agent) in respect of a first priority pledge over the Deposit Account and all funds held on the Deposit Account from time to time, granted in favour of the Secured Parties.

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

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group;
- (b) before deducting any net finance charges;
- (c) before taking into account any Transaction Costs and any transaction costs relating to any New Debt, any super senior debt or any acquisition of any additional target company;
- (d) not including any accrued interest owing to any member of the Group;
- (e) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (f) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course

of trading) and any loss or gain arising from an upward or downward revaluation of any asset and after adding back any loss arising from the impairment of any asset;

- (g) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (h) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and
- (i) after adding back any amount attributable to the amortisation, depreciation, impairment or depletion of assets of members of the Group.

"**Equity**" means by reference to the consolidated balance sheet of the Group the sum of (i) restricted equity, (ii) non-restricted equity, and (iii) Shareholder Debt.

"**Equity Ratio**" means the ratio of Equity to Total Assets.

"**ERC**" means the sum of all future estimated remaining gross collections from Portfolios for the next following 120 months.

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

"**EURIBOR**" means:

- (a) the applicable percentage rate *per annum* displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in Euro and for a period comparable to the relevant Interest Period; or
- (b) if no screen rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Issuing Agent at its request quoted by banks reasonably selected by the Issuing Agent, for deposits of EUR 10,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Euro offered for the relevant period; and

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

"**Existing Bonds**" means the up to EUR 160,000,000 senior secured fixed rate bonds with ISIN SE0010636746 issued by the issuer on 11 December 2017.

"**Final Maturity Date**" means 8 April 2022.

"**Finance Documents**" means the Terms and Conditions, the Proceeds Account Pledge Agreement, the Intercreditor Agreement, the Security Documents, the Agency Agreement, the subordination agreement (if any), the Shareholder Undertaking, any and all currency or interest swaps and/or interest cap and/or other hedging agreements entered into or to be entered into between an Issuer Group Company and a Hedge Counterparty (as defined in the Intercreditor Agreement) and approved by the Agent in accordance with the Intercreditor

Agreement, any New Debt Documents and any other document designated to be a Finance Document by the Issuer and the Agent.

"Financial Indebtedness" means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is treated as a finance lease in accordance with the accounting principles applicable prior to 1 January 2019 (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)-(f).

"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 consolidated financial statements and quarterly interim unaudited reports, which shall be prepared and made available in accordance with Clause 11.1 (*Information from the Issuer*).

"First Call Date" means the date falling 18 months after the First Issue Date.

"First Issue Date" means 8 April 2019.

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

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

"Guarantee and Adherence Agreement" has the meaning ascribed to such term in the Intercreditor Agreement.

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

"**Guarantor**" means DDM Finance AB.

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

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

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

"**Insolvent**" means, in respect of a relevant person, that it (i) is deemed to be insolvent, (ii) 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), (iii) suspends making payments on any of its debts or (iv) 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.

"**Intercompany Loan**" means loans from the Issuer to a Subsidiary where the net intercompany loan position between the Issuer (as creditor) and a relevant Subsidiary exceeds EUR 10,000,000 or such higher threshold amount prescribed as intercompany loans in the terms of any debt incurred pursuant to paragraph (e) of the definition of Permitted Debt. However, an intercompany loan between the Issuer (as creditor) and a relevant Subsidiary shall not be considered to be an Intercompany Loan if the total aggregated amount of Intercompany Loans outstanding exceeds the nominal amount of Existing Bonds outstanding.

"**Intercreditor Agreement**" means the intercreditor agreement dated 16 February 2017 between, *inter alios*, the Bonds Agent, the Security Agent, the Issuer and DDM Finance AB which the Agent, on behalf of the Bondholders, will accede to by way of executing an Accession Agreement.

"**Interest**" means the interest on the Bonds calculated in accordance with Clause 8 (*Interest*).

"**Interest Payment Date**" means 8 January, 8 April, 8 July and 8 October of each year. The first Interest Payment Date for the Bonds shall be 8 July 2019. The last Interest Payment Date shall be the Final Maturity Date (or such earlier date on which the Bonds are redeemed in full). To the extent any of the above days is not a Business Day, the Business Day following from an application of the Business Day Convention.

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

"**Interest Rate**" means EURIBOR plus 9.25 per cent. *per annum*.

"**Issuer**" means DDM Debt AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 559053-6230.

"Issuing Agent" means Arctic Securities AS, filial Sverige, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"Joint Bookrunners" means ABG Sundal Collier ASA and Arctic Securities AS.

"Local Banks" means any bank or financial institutions offering Local Credits to any of the Group Companies.

"Local Credit" means loan credits provided by Local Banks to Group Companies (except for the Issuer).

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

"Management Fee" means a management fee in an amount *per annum* equivalent to the Management Fee Operating Expenses for that calendar year.

"Management Fee Operating Expenses" means personnel expenses, consulting expenses, listing and exchange expenses, auditor's expenses and other operating expenses (calculated in accordance with IFRS) of the DDM Holding Group relating to the Group, the Group's business or DDM Holding AG (or its legal successor).

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

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

"Net Collections" means the gross collections from Portfolios held by the Group minus commission and fees to non-Group Companies (but if such Portfolios are partly owned, only taking into consideration such Group Company's *pro rata* share of the gross collections and commission and fees).

"Net Interest Bearing Debt" means the aggregate interest bearing debt less cash and cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time (excluding Shareholder Debt subordinated pursuant to the Intercreditor Agreement and excluding interest bearing debt borrowed from any Group Company).

"Net Proceeds" means the proceeds from a Bond Issue, after deduction has been made for the Transaction Costs, including fees, payable by the Issuer to the Joint Bookrunners or the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds.

"New Creditor" means a provider of New Debt.

"New Debt" means Financial Indebtedness incurred by the Issuer pursuant to paragraph (e) of the definition of Permitted Debt.

"New Debt Documents" means all documents relating to any New Debt.

"Operating Expenses" means personnel expenses, consulting expenses and other operating expenses, including the Management Fee, excluding any non-recurring exceptional items in an amount up to 10 per cent of the EBITDA for the relevant year (based on EBITDA calculated without adding back non-recurring exceptional items).

"Outstanding Nominal Amount" means in respect of each Bond the Initial Nominal Amount, less the aggregate amount by which the Bond has been redeemed in part pursuant to Clause 13.8(e).

"Permitted Debt" means any Financial Indebtedness:

- (a) incurred under the Bonds, other than Subsequent Bonds;
- (b) taken up from a Group Company and/or a SPV;
- (c) incurred in the ordinary course of business under Advance Purchase Agreements;
- (d) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holds indebtedness;
- (e) incurred by the Issuer if such Financial Indebtedness (i) is incurred as a result of a Subsequent Bond Issue by the Issuer under the Terms and Conditions, or (ii) ranks pari passu or is subordinated to the obligations of the Issuer under the Bonds and has a final maturity date or a final redemption date which occurs after the Final Maturity Date;
- (f) incurred under hedging transactions in the ordinary course of business or in respect of payments to be made under these Terms and Conditions or any Permitted Debt, but not for investment or speculative purposes;
- (g) incurred by the Issuer pursuant to any financing with a bank or a financial institution in an amount not exceeding to the equivalent of 20 per cent. of the outstanding total aggregate Financial Indebtedness of the Group pursuant to the most recent Financial Report published for the quarter including, and subsequent to the First Issue Date, provided that the aggregate amount outstanding under this item (g) together with any debt outstanding pursuant to (h) and (i) may not exceed 20 per cent. of the outstanding total aggregate Financial Indebtedness of the Group pursuant to the most recent Financial Report published for the quarter including, and subsequent to the First Issue Date;
- (h) incurred by the Group Companies (except for the Issuer) under any Local Credit provided that the aggregate amount outstanding under this item (h) together with any debt outstanding pursuant to (g) and (i) may not exceed 20 per cent. of the outstanding total aggregate Financial Indebtedness of the Group pursuant to the most recent Financial Report published for the quarter including, and subsequent to the First Issue Date;
- (i) incurred as deferred consideration to a seller of distressed debt, or a seller of an entity holding distressed debt, provided that the aggregate amount outstanding under this item (i) together with any debt outstanding pursuant to (g) and (h) may not exceed 20

per cent. of the outstanding total aggregate Financial Indebtedness of the Group pursuant to the most recent Financial Report published for the quarter including, and subsequent to the First Issue Date;

- (j) incurred by a Group Company and subordinated to the Bonds in accordance with the terms of the Intercreditor Agreement;
- (k) incurred for the purpose of refinancing existing Financial Indebtedness of any Group Company;
- (l) incurred for the purpose of refinancing the Bonds in full;
- (m) incurred under the Existing Bonds;
- (n) incurred under the Refinancing Bonds until redeemed in full; and
- (o) any Financial Indebtedness not permitted by paragraphs (a) to (n) above, provided that the aggregate amount of such indebtedness does not exceed EUR 1,000,000.

"Permitted Security" means any guarantee or security:

- (a) created in accordance with the Finance Documents and otherwise permitted pursuant to the Intercreditor Agreement;
- (b) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (c) provided by any entity that has been acquired pursuant to item (d) of the definition of "Permitted Debt";
- (d) any Security to a New Creditor provided that such New Creditor accedes to the Intercreditor Agreement, as a Secured Party and that such Security is also granted to the Secured Parties (including the New Creditor) as Transaction Security, in each case on a *pro rata* basis and on the same terms, including ranking, and any such new Security shall constitute Transaction Security, subject to and in accordance with the Intercreditor Agreement;
- (e) for any hedging transactions or other derivatives transactions for the purpose of hedging currency or interest rates, unless for speculative purposes;
- (f) any Security provided in the form of a pledge over an escrow account to which the proceeds from a refinancing of the Bonds in full are intended to be received;
- (g) any Security agreed to be provided for the benefit of the financing providers in relation to a refinancing of the Bonds in full, however provided that any perfection requirements in relation thereto are satisfied only after repayment of the Bonds in full;
- (h) for amounts to be paid as deferred consideration to a seller of distressed debt, or a seller of an entity holding distressed debt;

- (i) any Security granted as security for the Existing Bonds;
- (j) any Security provided by or over a Group Company to secure any Permitted Debt referred to in paragraphs (g) and (h); and
- (k) under the Refinancing Bonds, up until redeemed in full.

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

"Portfolios" means (i) loan portfolios, (ii) the shares in special purpose vehicles holding loan portfolios, provided that such special purpose vehicles does not have any other material assets or liabilities, or (iii) bonds, notes or other instruments issued by a SPV.

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

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

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

"Record Date" means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 15 (*Distribution of Proceeds*), (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

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

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

"Refinancing Bonds" means the up to EUR 85,000,000 senior secured fixed rate bonds with ISIN SE0009548332 issued by the Issuer on 30 January 2017.

"Relevant Period" means each period of 12 consecutive calendar months ending on a Reference Date.

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

"Secured Debt" means all present and future moneys, debts and liabilities due, owing or incurred from time to time by any Group Company to any Secured Party under any Senior Finance Documents (as defined in the Intercreditor Agreement), and all available commitments of any Secured Party, under or in connection with any Senior Finance Documents and any New Debt Documents (as applicable).

"Secured Obligations" shall have the meaning given to such term in the Intercreditor Agreement, for the avoidance of doubt, including the Slovenian Parallel Debt.

"Secured Party" shall have the meaning given to such term in the Intercreditor Agreement.

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

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

"Security Agent" means the security agent, appointed by the Secured Parties pursuant to the Intercreditor Agreement, holding the Transaction Security on behalf of the Secured Parties, being Intertrust (Sweden) AB on the First Issue Date.

"Security Documents" means the following security agreements:

- (a) the share pledge agreement entered into between DDM Finance AB and the Security Agent with respect to the shares currently issued in the Issuer;
- (b) share pledge agreements entered into between the Issuer and the Security Agent over the shares in each direct Subsidiary of the Issuer;
- (c) the Deposit Account Pledge Agreement;
- (d) the Additional Deposit Account Pledge Agreement;
- (e) loan pledge agreements entered into between the Issuer and the Security agent in respect of any existing Intercompany Loans;
- (f) any security document pursuant to which additional security is provided in accordance with Clause 13.11 (*Granting of Security*); and
- (g) any other document designated as a Security Document by the Issuer and the Security Agent.

"Security Release Event" shall have the meaning set out in Clause 13.11 of these Terms and Conditions.

"Shareholder Debt" means all present and future moneys, debts and liabilities due, without any cash interest, owing or incurred from time to time by any member of the Group to any Shareholder Creditor (as defined in the Intercreditor Agreement), including any dividends and

any advisory, monitoring or management fee, which is subordinated in accordance with the Intercreditor Agreement.

"Shareholder Undertaking" means an undertaking (in a form and substance satisfactory to the Agent) to be issued by DDM Holding AG (or any of its legal successors) whereby DDM Holding AG (or such legal successor) undertakes during the term of the Bonds to not, directly or indirectly, make any direct or indirect investments in non-performing loans other than (i) through the Group or (ii) through an investment where non-performing loans constitute an insignificant part of the relevant investment.

"SPV" means a special purpose vehicle having issued bonds, notes or other instruments, provided that (i) the instruments are secured with a loan portfolio owned by such special purpose vehicle, (ii) an investment in such instrument will have the similar economic effects as an investment directly in the underlying loan portfolio, and (iii) that an investment in the special purpose vehicle will give a member of the Group administrative rights which are comparable to the rights of an owner, and (iv) such special purpose vehicle does not have any other material assets or liabilities than the loan portfolio and/or bonds, notes or other instruments issued by such special purposes vehicle.

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

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

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

"Total Assets" means by reference to the consolidated balance sheet of the Group, the book value of the total consolidated assets.

"Total Nominal Amount" means the total aggregate Outstanding Nominal Amount of the Bonds from time to time.

"Transaction Costs" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection a Bond Issue.

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

"Transfer Event" shall have the meaning set out in Clause 13.4 of these Terms and Conditions.

"Written Procedure" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 18 (*Written Procedure*).

1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
 - (i) "assets" includes present and future properties, revenues and rights of every description;

- (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (iii) a "regulation" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (iv) an Event of Default is continuing if it has not been remedied or waived;
 - (v) a provision of law is a reference to that provision as amended or re-enacted; and
 - (vi) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in EUR has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against EUR for the previous Business Day, as published by the European Central Bank on its website ([www. www.ecb.europa.eu](http://www.ecb.europa.eu)). If no such rate is available, the most recently published rate shall be used instead.
 - (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
 - (d) No delay or omission of the Agent, the Security Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. Status of the Bonds

- (a) The Bonds are denominated in Euro and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The initial nominal amount of each Initial Bond is EUR 100,000 (the "**Initial Nominal Amount**"). The maximum total nominal amount of the Initial Bonds is EUR 100,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Initial Nominal Amount.
- (d) The minimum permissible investment in the Initial Bond Issue is EUR 100,000.
- (e) The Issuer may, at one or several occasions, issue Subsequent Bonds (each such issue, a "**Subsequent Bond Issue**"). Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the Interest Rate, the Outstanding Nominal Amount and the Final Maturity Date applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at a discount or at a premium compared to the Outstanding Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent

Bonds) may not exceed EUR 150,000,000 unless a consent from the Bondholders is obtained in accordance with Clause 16(e)(i). Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 8(a), and otherwise have the same rights as the Initial Bonds.

- (f) The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer and *pari passu* with any other Secured Debt (other than any super senior debt (as stated in the Intercreditor Agreement)) in accordance with the Intercreditor Agreement, except those obligations which are mandatorily preferred by law, and without any preference among them.
- (g) The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (h) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

3. Use of Proceeds

- (a) The Issuer shall use the proceeds from the Initial Bond Issue, less the costs and expenses incurred by the Issuer in connection with the issue of the Bonds, to (i) refinance the Refinancing Bonds, (ii) refinance a EUR 2,000,000 loan taken by DDM Group AG, (iii) finance purchase of Portfolios, (iv) finance general corporate purposes and (v) finance Transaction Costs.
- (b) The proceeds from any Subsequent Bond Issue shall be used to (i) finance purchase of Portfolios, (ii) finance general corporate purposes and (iii) finance Transaction Costs.

4. Conditions Precedent

4.1 The Escrow Account

Unless all Conditions Precedent for Disbursement have been satisfied prior to the First Issue Date, the Net Proceeds from the Initial Bond Issue shall be transferred to the Proceeds Account. The Proceeds Account will be pledged in favour of the Agent and the Bondholders (represented by the Agent). The pledge over the Proceeds Account shall be released when the Conditions Precedent for Disbursement have been fulfilled pursuant to Clause 4.2 below.

4.2 Conditions Precedent Initial Bond Issue

- (a) The Issuer shall provide, or procure the provision of, to the satisfaction of the Agent:
 - (i) an Accession Agreement duly executed where the Agent, on behalf of the Bondholders, accedes to the Intercreditor Agreement as a New Creditor;

- (ii) evidence that the relevant Finance Documents have been duly executed;
 - (iii) evidence by way of (i) a funds flow and (ii) a prepayment instruction to Euroclear Sweden, that the Refinancing Bonds will be redeemed no later than one (1) Business Day following the Completion Date;
 - (iv) copies of constitutional documents and necessary corporate resolutions (including authorisations) from each Group Company or DDM Holding AG and the Guarantor to execute the relevant Finance Documents to the extent that Group Company, DDM Holding AG or the Guarantor, as applicable, is a party to a relevant Finance Document;
 - (v) a copy of a duly executed Shareholder Undertaking; and
 - (vi) evidence that the relevant Transaction Security to be granted on the First Issue date has been granted and perfected.
- (b) The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 4.2(a) is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documentation and evidence referred to in Clause 4.2(a) above from a legal or commercial perspective of the Bondholders.
- (c) When the Agent has confirmed to the Issuer that the conditions precedent for disbursement set out in Clause 4.2(a) have been received to the satisfaction of the Agent (acting reasonably), the Agent shall instruct the bank (with which the Issuer holds the Proceeds Account) to transfer the funds in accordance with Clause 3 (*Use of Proceeds*) and the Agent shall thereafter or in connection therewith release the Security over the Proceeds Account.
- (d) If the conditions precedent for disbursement set out in Clause 4.2(a) have not been fulfilled to the satisfaction of the Agent (acting reasonably) or waived by the Agent within sixty (60) Business Days from the First Issue Date, the Issuer shall repurchase all Bonds at a price equal to 100 per cent. of the Initial Nominal Amount together with any accrued Interest. Any funds distributed by the Agent to the Bondholders in accordance with the Proceeds Account Pledge Agreement shall be deemed to be paid by the Issuer for the redemption under this Clause 4.2(d). Any shortfall shall be covered by the Issuer. The repurchase date shall fall no later than thirty (30) Business Days after the ending of the sixty (60) Business Days period referred to above.

5. Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register

their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.

- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

6. Right to Act on Behalf of a Bondholder

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

7. Payments in Respect of the Bonds

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the relevant Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts

are paid to the persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.

- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue without any default interest in accordance with Clause 8(c) during such postponement.
- (d) If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

8. Interest

- (a) Interest on the Initial Bonds will accrue from, but excluding, the Issue Date up to, and including, the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (d) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

9. Redemption and Repurchase of the Bonds

9.1 Redemption at maturity

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

9.2 Issuer's purchase of Bonds

The Issuer may, 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, sold but not cancelled by the Issuer (except that the Issuer may cancel Bonds in connection with a total redemption of all outstanding Bonds).

9.3 Voluntary total redemption (call option)

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds prior to the Final Maturity Date at:
- (i) any time from and including the First Issue Date to, but excluding, the First Call Date at an amount per Bond equal to 104.625 per cent. of the Outstanding Nominal Amount plus the remaining interest payments, calculated in accordance with Clause 9.3(c), up to and including the First Call Date together with accrued but unpaid Interest;
 - (ii) any time from and including the First Call Date to, but excluding, the first Business Day falling 24 months after the First Issue Date at an amount per Bond equal to 104.625 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid Interest;
 - (iii) any time from and including the date falling 24 months after the First Issue Date to, but excluding, the first Business Day falling 30 months after the First Issue Date at an amount per Bond equal to 101.850 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid Interest; or
 - (iv) any time from and including the date falling 30 months after the First Issue Date to, but excluding, the Final Maturity Date at an amount per Bond equal to 100.00 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid Interest.
- (b) Redemption in accordance with Clause 9.3(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. The Notice from the Issuer 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. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.
- (c) For the purpose of calculating the remaining interest payments pursuant to Clause 9.3(a)(i) it shall be assumed that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant record date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.

9.4 Mandatory redemption due to a Change of Control Event or a Delisting (put option)

- (a) Upon a Change of Control Event or a Delisting occurring, each Bondholder shall have the right to request that its Bonds are redeemed at a price per Bond equal to 101 per cent. of the Outstanding Nominal Amount together with accrued but unpaid Interest, during a period of thirty (30) days following a notice from the Issuer of the Change of Control Event or the Delisting pursuant to Clause 11.1(b) (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event or the Delisting.

- (b) The notice from the Issuer pursuant to Clause 11.1(b) shall specify the redemption date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be redeemed. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall redeem the relevant Bonds on the redemption date specified in the notice given by the Issuer pursuant to Clause 11.1(b). The redemption date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 9.4(a).
- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the redemption of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.4 by virtue of the conflict.

9.5 Early redemption due to illegality

The Issuer may redeem all, but not some only, of the outstanding Bonds at an amount per Bond equal to the Outstanding 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.

10. Transaction Security and Guarantees

10.1 Granting of Transaction Security

- (a) As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer and the Guarantor will, on or about the Issue Date, grant the relevant Transaction Security and the Guarantee to the Secured Parties on the terms set out in the Security Documents and the Guarantee and Adherence Agreement.
- (b) The Agent shall hold the Transaction Security on behalf of the Secured Parties and the Guarantee in accordance with the terms of the Security Documents and the Guarantee and Adherence Agreement. The Issuer shall enter into, and shall procure that the Guarantor enters into, the Security Documents and the Guarantee and Adherence Agreement and perfect the Transaction Security in accordance with the Security Documents prior or immediately following disbursement of the Net Proceeds (certain notarisation, registration and other formal requirements will not be satisfied before disbursement and such requirements shall be satisfied as soon as practicably possible following disbursement).
- (c) Unless and until the Agent has received instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*), the Agent shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security and/or the Guarantee, creating further Security or Guarantee for the benefit of the Secured Parties or for the purpose of settling the Bondholders' or the Issuer's rights to the Transaction Security and/or the Guarantee, in each case in accordance with the terms of the Finance Documents and provided that such agreements or actions are not detrimental to the interest of the Secured Parties.

10.2 Release of Transaction Security and Guarantee

- (a) The Agent may at any time, acting on instructions of the Secured Parties, release any Transaction Security in accordance with the terms of the Security Documents and the Guarantee and Adherence Agreement. For the avoidance of doubt, any Transaction Security and the Guarantee will always be released pro rata between the Secured Parties and the remaining Transaction Security and Guarantee will continue to rank pari passu between the Secured Parties as set forth in the Security Documents and the Guarantee and Adherence Agreement.
- (b) Notwithstanding paragraph (a) above, in the case of a Transfer Event, the Agent shall consent to the release of the Guarantee granted by the Guarantor under the Guarantee and Adherence Agreement and that the Guarantor resigns from the Intercreditor Agreement.
- (c) Notwithstanding paragraph (a) above, in the case of a Security Release Event, the Agent shall consent to the release of the Transaction Security granted under the Security Documents and pursuant to the Intercreditor Agreement over any Intercompany Loans, any Additional Intercompany Loans, the Deposit Account and the Additional Deposit Account, provided that the Issuer has, or will simultaneously as the release, comply with Clause 13.11(b).

10.3 Enforcement of Security and Guarantee

- (a) The Agent may only take any action to accelerate or enforce any Transaction Security or Guarantee in accordance with the terms of the Security Documents and the Guarantee and Adherence Agreement.
- (b) Upon an enforcement of the Transaction Security and/or the Guarantee, the proceeds shall be distributed in accordance with Clause 15 (*Distribution of Proceeds*).
- (c) All security and/or guarantees or arrangement having similar effects may be released by the Agent, without the need for any further referral to or authority from anyone, upon any enforcement provided that the proceeds are distributed in accordance with the provisions set out in Clause 15 (*Distribution of Proceeds*).

11. Information to Bondholders

11.1 Information from the Issuer

- (a) The Issuer shall make the following information available to the Bondholders in the English language by way of publication on the website of the Group:
 - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the Group's audited consolidated financial statements and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report, for such financial year;
 - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, the quarterly interim unaudited consolidated reports of the Group and the quarterly interim

unaudited unconsolidated reports of the Issuer, or the year-end report (*bokslutskommuniké*), as applicable, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report, for such period; and

- (iii) 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 listed.
- (b) The Issuer shall submit a duly executed Compliance Certificate to the Agent:
- (i) in connection with that a Financial Report is made available; and
 - (ii) at the Agent's request, within 20 days from such request.
- (c) The Issuer shall promptly notify the Bondholders and the Agent upon becoming aware of the occurrence of a Change of Control Event or a Delisting and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice. A notice of a Change of Control Event may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for a Change of Control Event.
- (d) When the financial statements and other information are made available to the Bondholders pursuant to Clause 11.1(a), the Issuer shall send copies of such financial statements and other information to the Agent.
- (e) The Issuer shall promptly notify the Agent (with full particulars) when the Issuer is or becomes aware of the occurrence of any event or circumstance which constitutes an Event of Default and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- (f) The Agent may assume that any information provided by the Issuer in the Compliance Certificate delivered pursuant to paragraph (b) above is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information.
- (g) The Issuer is only obliged to inform the Agent according to this Clause 11.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 11.1.

11.2 Information from the Agent

- (a) Subject to the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 11.2(b), the Agent is entitled to disclose to the Bondholders

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

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

11.3 Publication of Finance Documents

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

12. Maintenance Covenants

12.1 Maintenance Test

The Maintenance Test is met if (i) the Equity Ratio is at least 15.00 per cent., (ii) Net Interest Bearing Debt to Cash EBITDA does not exceed 4:1, and (iii) Net Interest Bearing Debt to ERC does not exceed 75.00 per cent.

12.2 Testing

The Maintenance Test shall be tested on each Reference Date with respect to the Relevant Period ending on such Reference Date. The first test date of the Maintenance Test shall be on the Reference Date occurring 30 June 2019.

12.3 Adjustments

The figures for EBITDA for the Relevant Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Maintenance Test, but adjusted so that entities acquired or disposed of by the Group during the Relevant Period shall be included or excluded (as applicable), pro forma, for the entire Relevant Period.

12.4 Equity Cure

- (a) If there is a breach of the Equity Ratio test, the Net Interest Bearing Debt to Cash EBITDA test or the Net Interest Bearing Debt to ERC test, no Event of Default will occur if, within thirty (30) Business Days of a delivery of the relevant Compliance Certificate evidencing that breach, the Issuer has received equity injection in cash, which shall be freely available and/or deposited on an account pledge to a collective of creditors, in the form of a share issue or an unconditional shareholder contribution in an amount sufficient to ensure compliance with the Equity Ratio test, the Net Interest Bearing

Debt to Cash EBITDA test and/or the Net Interest Bearing Debt to ERC test, as at the relevant test date (the "**Cure Amount**").

- (b) The calculation of the Equity Ratio shall be adjusted so that the Equity for the Reference Period is increased with an amount equal to the Cure Amount.
- (c) The calculation of Net Interest Bearing Debt to Cash EBITDA and Net Interest Bearing Debt to ERC shall be adjusted so that the Net Interest Bearing Debt for the Reference Period is reduced with an amount equal to the Cure Amount.
- (d) Any Equity Cure must be made in cash and no more than three (3) Equity Cures are to be made over the life of the Bonds. Equity Cures may not be injected in respect of any consecutive calendar quarters.

13. General Undertakings

13.1 General

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

13.2 Distributions

- a) The Issuer shall not, and shall procure that none of the Subsidiaries:
 - (i) pay any dividend in respect of its shares (other than to the Issuer or a Subsidiary of the Issuer, provided that any such distribution made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, the distribution is made so that the Group Company receives at least its *pro rata* share);
 - (ii) repurchase or redeem any of its own shares with payment to its shareholders;
 - (iii) redeem or reduce its share capital or other restricted or unrestricted equity with repayment to shareholders;
 - (iv) repay any loans granted by its direct or indirect shareholders or pay interest thereon (other than to the Issuer and any wholly-owned Subsidiary of the Issuer and other than the Existing Bonds, the Refinancing Bonds and the Bonds);
 - (v) make any prepayments or repayments under any long-term debt ranking junior with the Bonds and as otherwise set out in "Disposals of assets";
 - (vi) grant any loans or enter into exposures except to Group Companies or SPVs; and
 - (vii) make any other distributions or transfers of value to the Issuer's, or the Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders (other than (A) to the Issuer and any Subsidiary of the Issuer or (B) as any Management Fees),

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

- (b) Notwithstanding the above, a Restricted Payment may be made by the Issuer, if:
- (i) no Event of Default is continuing and no Event of Default will occur when making the Restricted Payment;
 - (ii) the Maintenance Test is met (calculated on a pro forma basis including the relevant Restricted Payment); and
 - (iii) the aggregate amount of all Restricted Payments of the Group (including the Restricted Payment in question) during any financial year does not exceed 50 per cent. of the Group's profit for the previous financial year less any Management Fee paid with respect to the same period.

13.3 Nature of Business

The Issuer shall procure that the business of the Group shall be the same as the business of DDM Holding AG and its Subsidiaries (consolidated) as of the First Issue Date and that no change shall be made to such business that would have a Material Adverse Effect.

13.4 Transfer Event

The Issuer shall be entitled to dispose all of its assets to a limited liability company incorporated in Luxembourg within the DDM Holding Group provided that:

- (a) such entity accedes as issuer under the Bonds and as debtor under any outstanding Senior Debt and Super Senior Debt (each as defined in the Intercreditor Agreement);
- (b) such entity provides Security in accordance with these Terms and Conditions; and
- (c) the new shareholder of such entity accedes to the Intercreditor Agreement as a Shareholder Creditor (as defined in the Intercreditor Agreement) and grants Security over the shares in the new issuer,

(a "**Transfer Event**"), provided that all necessary changes to the Finance Documents, the entering into of any new Finance Documents or any further actions or amendments required to effectuate the Transfer Event is made or entered into by the new issuer, any Group Company, the Guarantor and the Agent (in a form and substance satisfactory to the Agent).

13.5 Domicile Event

The Issuer shall be entitled to change its legal and/or fiscal domicile from Sweden to Luxembourg and/or change its legal form from a Swedish public limited liability company to another legal form with limited liability (a "**Domicile Event**") provided that all necessary changes to the Finance Documents, the entering into of any new Finance Documents or any further actions or amendments required to effectuate the Domicile Event is made or entered into by the Issuer, any Group Company, the Guarantor and the Agent (in a form and substance satisfactory to the Agent).

13.6 Shareholder Undertaking

The Issuer shall procure that no changes are made to the Shareholder Undertaking which could adversely affect the interest of the Agent or the Bondholders.

13.7 Financial Indebtedness

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

13.8 Disposal of Assets

The Issuer shall not, and shall procure that no Subsidiary, sell or otherwise dispose of the shares in any Subsidiary, or substantially all the business or assets of a Subsidiary, other than:

- (a) disposals made by a Group Company to another Group Company (except for the Issuer), provided that:
 - (i) the disposal is made subject to any Transaction Security provided;
 - (ii) the disposal is made to either (A) a Group Company over which a first ranking share pledge is provided to the Secured Parties, or (B) an indirect Subsidiary of the Issuer, provided that all shares of the direct holding company of such Subsidiary are subject to a first ranking share pledge to the Secured Parties; and
 - (iii) the relevant disposal does not involve shares in any Group Company.
- (b) disposals of shares in any Subsidiary made by a Group Company to the Issuer;
- (c) disposals made of obsolete or redundant assets;
- (d) disposals made in connection with a Transfer Event;
- (e) any disposals, provided that:
 - (i) the net proceeds from such disposal are reinvested in the same line of business within 12 months, or agreed to be so within 12 months and reinvested within 180 days from the end of the 12 month period, from the disposal and that the shares of the Group Company owning the assets arising from any such reinvestment are pledged in favour of the Secured Parties; or
 - (ii) an amount equivalent to the net disposal proceeds is applied towards partial repayment on outstanding Bonds, Existing Bonds or New Debt (on a *pro rata* basis) and in relation to the Bonds by way of reducing the Outstanding Nominal Amount of each Bond *pro rata*,

provided that the transaction (other than in respect of paragraph (a) above) is carried out at fair market value and on arm's length terms. The repayment per Bond shall equal the repaid

percentage of the Outstanding Nominal Amount (rounded down to the nearest EUR 1.00) plus 3.00 per cent and accrued but unpaid interest on the repaid amount.

13.9 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 other than as set out in the Finance Documents.

13.10 Negative Pledge

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

13.11 Granting of Security and Subordination in case of a Security Release Event

- (a) The Issuer shall as soon as practically possible:
- (i) provide Security over the shares in each company becoming a direct Subsidiary of the Issuer; and
 - (ii) for as long as the Existing Bonds remain outstanding or until the obligation to grant Security over Intercompany Loans and Additional Intercompany Loans ceases under the Existing Bonds (a "**Security Release Event**"), provide Security over Intercompany Loans and Additional Intercompany Loans made by the Issuer to any of its Subsidiaries,

in favour of the Secured Parties in form and substance satisfactory to the Agent.

- (b) In case of a Security Release Event, the Issuer shall procure that all intercompany loans made by the Issuer to its Subsidiaries or between the Subsidiaries shall be fully subordinated under a subordination agreement or through an amended and restated Intercreditor Agreement (in each case in a form and substance acceptable to the Agent).

13.12 New Market Loans

The Issuer shall not, and shall ensure that no other Group Company will issue any Market Loans with a final maturity date prior to the Final Maturity Date.

13.13 Mergers and demergers

The Issuer shall not, and shall procure that none of its Subsidiaries, enter into any merger or demerger, other than (i) a merger or a demerger of Group Companies which are not subject to Transaction Security, (ii) a merger where the shares of the transferee are subject to Transaction Security, or (iii) a demerger of a Group Company which shares are subject to Transaction Security, where the shares in the resulting entities become subject to Transaction Security. The Issuer shall not enter into a merger where the Issuer is not the surviving entity and the Issuer shall not enter into a demerger which would not be allowed as an asset disposal.

13.14 Listing

The Issuer shall ensure that (i) the Initial Bonds are listed on a Regulated Market within 60 calendar days after the First Issue Date and with an intention to complete such listing within 30 calendar days after the First Issue Date, and (ii) any Subsequent Bonds are listed on a Regulated Market within 60 calendar days after the issuance of such Subsequent Bonds and with an intention to complete such listing within 30 calendar days after the issuance of such Subsequent Bonds (unless the Subsequent Bonds are issued before the date falling 60 days after the First Issue Date in which case such Subsequent Bonds shall be listed within 60 days after the First Issue Date), and (iii) that the Bonds, once admitted to trading on a Regulated Market, continue to be listed thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

13.15 Local credits

- (a) Local Credits may be assumed by any Group Company for the purpose of acquiring Portfolios, provided that (i) the Local Credit is in compliance with Clause 13.4 (*Financial Indebtedness*) above, and (ii) the initial equity contribution provided by the Group to the acquiring Group Company shall not exceed 40 per cent of the acquisition price for the acquired Portfolios.
- (b) The Group may not inject any more equity or extend any loans or make any other value transfers to the acquiring Group Company or its Subsidiaries (which have incurred Local Credit) until full repayment of such Local Credit, provided that the Group may inject cash through equity contributions or subordinated loans if an equivalent amount has been contributed to the Issuer as an unconditional equity injection or Shareholder Debt.

13.16 Intercompany Loan

- (a) The Subsidiaries shall be permitted to pay interest and amortise on the Intercompany Loans, provided that any amortisations are made by direct payment to the Issuer's Deposit Account.
- (b) Funds shall only be released from the Deposit Account by DDM Finance (acting on behalf of the Security Agent and the Secured Parties) if the funds are:
 - (i) immediately utilised for payment of interest on the Existing Bonds;
 - (ii) immediately utilised for payment of interest on the Bonds or any New Debt (provided that the Existing Bonds have been redeemed in full); or
 - (iii) immediately and directly on-lent to a direct Subsidiary of the Issuer provided that:
 - (A) the Secured Parties have a first ranking share pledge over such direct Subsidiary;

- (B) the downstream loan to such Subsidiary is pledged to the Secured Parties as an Intercompany Loan; and
 - (C) funds on lent to the Subsidiary are as soon as practically possible employed for investment in the same line of business.
- (c) Following the occurrence of a Security Release Event in accordance with Clause 10.2(c), this Clause 13.16 shall cease to apply.

13.17 Additional Intercompany Loan

- (a) The Subsidiaries shall be permitted to pay interest and amortise on the Additional Intercompany Loans, provided that any amortisations are made by direct payment to the Issuer's Additional Deposit Account.
- (b) Funds shall only be released from the Additional Deposit Account by DDM Finance (acting on behalf of the Security Agent and the Secured Parties) if the funds are:
 - (i) immediately utilised for payment of interest on the Bonds or any New Debt; or
 - (ii) immediately and directly on-lent to a direct Subsidiary of the Issuer provided that:
 - (A) the Secured Parties have a first ranking share pledge over such direct Subsidiary;
 - (B) the downstream loan to such Subsidiary is pledged to the Secured Parties as an Additional Intercompany Loan; and
 - (C) funds on lent to the Subsidiary are as soon as practically possible employed for investment in the same line of business.
- (c) Following the occurrence of a Security Release Event in accordance with Clause 10.2(c), this Clause 13.17 shall cease to apply.

14. Events of Default and Acceleration of the Bonds

Each of the events or circumstances set out in this Clause (c) (other than Clause 14.9 (*Acceleration of the Bonds*)) is an Event of Default.

14.1 Non-Payment

The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay:

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

14.2 Maintenance Test

The Issuer has failed to comply with Clause 12 (*Maintenance Covenants*) and such failure has not been cured in accordance with provisions for the equity cure set out in Clause 12.4.

14.3 Other Obligations

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

14.4 Cross Acceleration:

Any Financial Indebtedness of a Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Clause 14.4 if the aggregate amount of Financial Indebtedness, that has fallen due is less than EUR 3,000,000 or such higher threshold amount prescribed in the terms of the Existing Bonds or in the documentation governing any other debt incurred pursuant to paragraph (e) of the definition of Permitted Debt.

14.5 Insolvency

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

14.6 Insolvency Proceedings

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

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

14.7 Creditors' Process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction (other than vexatious or frivolous and as disputed in good faith) affects any

asset or assets of any Group Company having an aggregate value of an amount equal to or exceeding EUR 1,000,000 and is not discharged within 60 Business Days.

14.8 Continuation of the Business

The Issuer ceases to carry on its business.

14.9 Acceleration of the Bonds

- (a) Upon the occurrence of an Event of Default which is continuing but subject to the terms of the Intercreditor Agreement, the Agent is entitled to, and shall following an instruction given pursuant to Clause 14.9(d) on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not only some, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines (but such date may not fall after the Final Maturity Date), and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) The Agent may not accelerate the Bonds in accordance with Clause 14.9(a) by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- (d) If the Bondholders (in accordance with these Terms and Conditions) instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as, in the opinion of the Agent, may be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) Subject to the Intercreditor Agreement, in the event of an acceleration of the Bonds in accordance with this Clause 14.9, the Issuer shall redeem all Bonds at an amount per Bond equivalent to:
 - (i) if the acceleration has occurred before the First Call Date, the redemption amount specified in clause 9.3(a)(ii); or
 - (ii) if the acceleration has occurred on or after the First Call Date, as applicable considering when the acceleration occurs, the redemption amount specified in Clause 9.3 (*Voluntary total redemption (call option)*).

15. Distribution of Proceeds

- (a) Subject to the terms of the Intercreditor Agreement, all payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (*Events of Default and Acceleration of the Bonds*) and any proceeds received from an enforcement of the Transaction Security and/or the Guarantee shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (i) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (if applicable) (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, the enforcement of the Transaction Security or the Guarantee or the protection of the Bondholders' rights as may have been incurred by the Agent or any agent in relation to New Debt, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 20.2(e), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16(c);
 - (ii) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
 - (iii) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
 - (iv) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

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

- (b) If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 15(a)(i), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 15(a)(i).
- (c) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security or the Guarantee shall constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15 as soon as reasonably practicable.
- (d) If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7(a) shall apply.

16. Decisions by Bondholders

- (a) Any decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney or other authorization pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
- (i) on the relevant Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
 - (ii) on the Business Day specified in the communication pursuant to Clause 18(c), in respect of a Written Procedure,
- may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least sixty six and two-thirds (2/3) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):
- (i) waive a breach of or amend an undertaking set out in Clause 13 (*General Undertakings*);
 - (ii) release or materially change the security provided under the Security Documents, other than pursuant to Clauses 10.2(b) and 10.2(c);
 - (iii) reduce the principal amount, interest rate or interest amount which shall be paid by the Issuer;

- (iv) amend any payment day for principal or interest amount or waive any breach of a payment undertaking, or
 - (v) amend the provisions regarding the majority requirements under these Terms and Conditions.
- (f) Any matter not covered by Clause 16(e) shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19(a)(i) or (19(a)(ii))), an acceleration of the Bonds, or the enforcement of any Transaction Security or Guarantee.
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16(e), and otherwise at least twenty (20) per cent. of the Adjusted Nominal Amount:
- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (ii) if in respect of a Written Procedure, reply to the request.
- If a quorum exists for some, but not all, of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17(a)) or initiate a second Written Procedure (in accordance with Clause 18(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. For the purposes of a second Bondholders' Meeting or second Written Procedure pursuant to this Clause 16(h), the date of request of the second Bondholders' Meeting pursuant to Clause 17(a) or second Written Procedure pursuant to Clause 18(a), as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 16(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
 - (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
 - (k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that

consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.

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

17. Bondholders' Meeting

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 17(a) with a copy to the Agent. The Issuer shall inform the Agent before a notice for a Bondholders' Meeting 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 such notice. After a request from the Bondholders pursuant to Clause 20.7(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 17(a).
- (c) The notice pursuant to Clause 17(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

18. Written Procedure

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

19. Amendments and Waivers

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
 - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or

- (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 19(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority, to the extent such registration is possible with the rules of the relevant CSD.
- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

20. Appointment and Replacement of the Agent

20.1 Appointment of Agent

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security.
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent to act on its behalf, as set forth in Clause 20.1(a).
- (c) 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.
- (d) 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.
- (e) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.

- (f) The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

20.2 Duties of the Agent

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security pursuant to the Security Documents on behalf of the Bondholders and, where relevant, enforcing the Transaction Security on behalf of the Bondholders. However, the Agent is not responsible for the execution or enforceability of the Finance Documents or the perfection of the Transaction Security.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent 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.
- (d) 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.
- (e) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer, the Transaction Security or the Guarantee 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 15 (*Distribution of Proceeds*).
- (f) 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.
- (g) 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.
- (h) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer

of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 20.2(g).

20.3 Swiss Security Documents

(a) Without limiting any other rights of the Agent under these Terms and Conditions, in relation to the Security Documents governed by the laws of Switzerland (the "**Swiss Security Documents**") the following shall apply:

(i) the Agent holds:

- (A) any security constituted by such Swiss Security Document (but only in relation to an assignment or any other non-accessory (*nicht akzessorische*) Security);
- (B) the benefit of this paragraph (a); and
- (C) any proceeds of such security,

as fiduciary (*treuhänderisch*) in its own name but for the account of all relevant Secured Parties which have the benefit of such Security in accordance with these Terms and Conditions Agreement and the respective Swiss Security Document;

(ii) each present and future Secured Party hereby authorises the Agent:

- (A) acting for itself and in the name and for the account of such Secured Party to accept as its direct representative (*direkter Stellvertreter*) any Swiss law pledge or any other Swiss law accessory (*akzessorische*) Security made or expressed to be made to such Secured Party in relation to the Swiss Security Documents, to hold, administer and, if necessary, enforce any such security on behalf of each relevant Secured Party which has the benefit of such security;
- (B) to agree as its direct representative (*direkter Stellvertreter*) to amendments and alterations to any Swiss Security Document which creates a pledge or any other Swiss law accessory (*akzessorische*) Security;
- (C) to effect as its direct representative (*direkter Stellvertreter*) any release of a security created under a Swiss Security Document in accordance with these Terms and Conditions; and
- (D) to exercise as its direct representative (*direkter Stellvertreter*) such other rights granted to the Agent hereunder or under the relevant Swiss Security Document;

(iii) the Agent, when acting in its capacity as creditor of the Swiss Parallel Debt, holds:

- (A) any Swiss law pledge or any other Swiss law accessory (*akzessorische*) Security;

- (B) any proceeds of such Security; and
- (C) the benefit of this paragraph and of the Swiss Parallel Debt,

as creditor in its own right but for the benefit of the Secured Parties in accordance with this Agreement.

20.4 Swiss Parallel Debt

- (a) Each debtor of Secured Obligations and each Secured Party (other than the Agent) hereby irrevocably and unconditionally agrees and undertakes with the Agent (and, where applicable, by way of an abstract acknowledgement of debt (*abstraktes Schuldanerkenntnis*)) that each debtor of Secured Obligations shall pay to the Agent sums equal to, and in the currency of, any sums owing by it to a Secured Party (other than the Agent) under any Finance Documents (the "**Principal Obligations**") as and when the same fall due for payment under the relevant Finance Document (together with the obligations described in paragraph (e) below, the "**Swiss Parallel Debt**").
- (b) Each debtor of Secured Obligations and each Secured Party (other than the Agent) acknowledges that the right of the Agent to demand payment of the Swiss Parallel Debt shall be independent and several from the rights of the other Secured Parties to demand payment of the Principal Obligations provided that the payment by a debtor of its Swiss Parallel Debt to the Agent in accordance with this Clause 20.4 shall also discharge (in the amount of the relevant payment) the corresponding Principal Obligations and vice versa, the payment by a debtor of its Principal Obligations in accordance with the provisions of the relevant Finance Document shall also discharge (in the amount of the relevant payment) the corresponding Swiss Parallel Debt but further provided that no Principal Obligation shall be discharged by a discharge of the Swiss Parallel Debt if such discharge of the Swiss Parallel Debt is effected by virtue of any set-off, counterclaim or similar defence invoked by a debtor of Secured Obligations vis-à-vis the Agent.
- (c) Despite the foregoing, any payment in relation to Secured Obligations under a Finance Document shall be made to the Agent unless expressly stated otherwise in these Terms and Conditions or in that Finance Document or unless the Agent directs such payment to be made otherwise than to the Agent.
- (d) Without limiting or affecting the Agent's rights against any debtor (whether under this Clause 20.4 or under any other provision of the Finance Documents), the Agent agrees with each other Secured Party (on a several and divided basis) that it will not exercise its rights under the Swiss Parallel Debt in respect of the Principal Obligations owing to a Secured Party other than as provided for herein or in any of the Finance Documents. However, for the avoidance of doubt, nothing in the previous sentence shall in any way limit the Agent's right to act in the protection or preservation of rights under any Security Document or to enforce any Transaction Security as contemplated by these Terms and Conditions, the relevant Security Document or any other Finance Documents (or to do any act reasonably incidental to the foregoing).
- (e) For the purpose of this Clause 20.4, the Agent acts in its own name and not as a trustee, and its claims in respect of the Swiss Parallel Debt shall not be held on trust. The Transaction Security granted under the Swiss Security Documents to the Agent to

secure the Swiss Parallel Debt is granted to the Agent in its capacity as creditor of the Swiss Parallel Debt and shall not be held on trust.

20.5 Slovenian Parallel Debt

- (a) Each debtor of Secured Obligations and each Secured Party (other than the Agent) hereby irrevocably and unconditionally agree that each debtor of Secured Obligations shall pay to the Agent (or any of its successors under these Terms and Conditions) sums equal to, and in the currency of, any sums owing by it to a Secured Party (other than the Agent) under any Finance Documents (the "**Principal Obligations**") as and when the same fall due for payment under the relevant Finance Document (together with the obligations described in paragraph (e) below, the "**Slovenian Parallel Debt**").
- (b) Each debtor of Secured Obligations and each Secured Party (other than the Agent) acknowledges that the right of the Agent to demand payment of the Slovenian Parallel Debt shall be independent and several from the rights of the other Secured Parties to demand payment of the Principal Obligations provided that the payment by a debtor of its Slovenian Parallel Debt to the Agent in accordance with this Clause 20.5 shall also discharge (in the amount of the relevant payment) the corresponding Principal Obligations and vice versa, the payment by a debtor of its Principal Obligations in accordance with the provisions of the relevant Finance Document shall also discharge (in the amount of the relevant payment) the corresponding Slovenian Parallel Debt but further provided that no Principal Obligation shall be discharged by a discharge of the Slovenian Parallel Debt if such discharge of the Slovenian Parallel Debt is effected by virtue of any set-off, counterclaim or similar defence invoked by a debtor of Secured Obligations vis-à-vis the Agent.
- (c) Despite the foregoing, any payment in relation to Secured Obligations under a Finance Document shall be made to the Agent unless expressly stated otherwise in these Terms and Conditions or in that Finance Document or unless the Agent directs such payment to be made otherwise than to the Agent.
- (d) Without limiting or affecting the Agent's rights against any debtor of Secured Obligations (whether under this Clause 20.5 or under any other provision of the Finance Documents), the Agent agrees with each other Secured Party (on a several and divided basis) that it will not exercise its rights under the Slovenian Parallel Debt in respect of the Principal Obligations owing to a Secured Party other than as provided for herein or in any of the Finance Documents. However, for the avoidance of doubt, nothing in the previous sentence shall in any way limit the Agent's right to act in the protection or preservation of rights under any Security Document or to enforce any Transaction Security as contemplated by these Terms and Conditions, the relevant Security Document or any other Finance Documents (or to do any act reasonably incidental to the foregoing).
- (e) For the purpose of this Clause 20.5, the Agent acts in its own name and on behalf of itself and not as an agent or representative of any other person or trustee, and its claims in respect of the Slovenian Parallel Debt shall not be held on trust. The Transaction Security granted under the Security Documents governed by Slovenian law to the Agent to secure the Slovenian Parallel Debt is granted to the Agent in its capacity as creditor of the Slovenian Parallel Debt and shall not be held on trust.

- (f) Without prejudice to any other provision of this Terms and Conditions or any other Finance Document, each debtor of Secured Obligations, the Agent and each other Secured Party agree that the Agent shall be, together with the respective other Secured Parties, the joint and several creditor of any obligation of any debtor of Secured Obligations towards the respective other Secured Parties under the Finance Documents and that accordingly the Agent shall have its own independent right to demand performance of any such obligation from the relevant debtor under the Finance Document. The Agent shall apply all amounts received or recovered by it in respect of any such joint and several creditorship in accordance with Clause 15 of these Terms and Conditions.

20.6 Limited liability for the Agent

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with Clause 16 (*Decisions by Bondholders*).
- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.
- (f) The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or any other person.

20.7 Replacement of the Agent

- (a) Subject to Clause 20.7(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 20.7(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent with immediate effect and the Issuer shall within ten (10) Business Days

appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 20.7, 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.

21. Appointment and Replacement of the Issuing Agent

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

immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

22. No Direct Actions by Bondholders

- (a) No Bondholder may take any steps whatsoever against the Issuer or with respect to the Transaction Security to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 22(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 20.1(c)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 20.2(g), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2(h) before a Bondholder may take any action referred to in Clause 22(a).
- (c) The provisions of Clause 22(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 9.4 (*Mandatory redemption due to a Change of Control Event or a Delisting (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

23. Prescription

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.
- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

24. Notices

24.1 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:

- (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch or if sent by email by the Issuer, to the email address notified by the Agent from time to time;
 - (ii) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
 - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders. A notice to the Bondholders shall also be published on the websites of the Group and the Agent.
- (b) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or if between the Issuer and the Agent, by email, and will only be effective:
- (i) in case of courier or personal delivery, when it has been left at the address specified in Clause 24.1(a);
 - (ii) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 24.1(a); or
 - (iii) in case of email, on the day of dispatch (unless a delivery failure message was received by the sender), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day.
- (c) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.

24.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.3 (*Voluntary total redemption (call option)*), 9.4 (*Mandatory redemption due to a Change of Control Event or a Delisting (put option)*), 9.5 (*Early redemption due to illegality*), 11.1(e), 14.9(c), 16(o), 17(a), 18(a) and 19(c) shall also be published by way of press release by the Issuer or the Agent, as applicable.
- (b) In addition to Clause 24.2(a), if any information relating to the Bonds the Issuer or a Group Company 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.

25. Force Majeure and Limitation of Liability

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

26. Governing Law and Jurisdiction

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

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