

# **CIPP Technology Solutions A/S**

## **PROSPECTUS REGARDING LISTING OF**

**MAXIMUM EUR 50,000,000**

## **SENIOR SECURED CALLABLE FLOATING RATE BONDS**

**2018/2021**

**ISIN: SE0010921999**

**4 March 2019**

*Amounts payable under the Bonds (as defined herein) are calculated by reference to EURIBOR, which is provided by the European Money Markets Institute. As of the date of this Prospectus (as defined herein), European Money Markets Institute does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) ("BMR"). As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that European Money Markets Institute is not currently required to obtain authorisation or registration.*

*The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.*

## Important information

This prospectus (the “**Prospectus**”) has been prepared by CIPP Technology Solutions A/S (the “**Issuer**”), a limited liability company incorporated in Denmark with registration number 37 22 88 69, in relation to the application for listing of bonds issued under the Issuer’s maximum EUR 50,000,000 senior secured callable floating rate bonds 2018/2021 with ISIN SE0010921999 (the “**Bonds**”), of which EUR 30,000,000 was issued on 4 April 2018 (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”) (the “**Bond Issue**”), including, for the avoidance of doubt, any Bonds issued thereafter under the Terms and Conditions, on the Corporate Bond List at Nasdaq Stockholm AB (“**Nasdaq Stockholm**”). The Issuer’s obligations under the Finance Documents (as defined in the Terms and Conditions) are guaranteed by the Issuer and the Issuer’s subsidiaries CIPP Technology Holding ApS, a limited liability company incorporated in Denmark with registration number 24 22 14 58, and Impreg GmbH, a limited liability company incorporated in Germany with registration number HRB 245332 (hereafter jointly referred to as the “**Guarantors**”), by way of a separately issued guarantee dated 4 April 2018 (the “**Guarantee**”). References to “**CIPP Technology Solutions**” or the “**Group**” refer in this Prospectus to CIPP Technology Solutions A/S and its subsidiaries (including the Guarantors) from time to time, unless indicated by the context. References to “**EUR**” means the currency used by the institutions of the European Union and being the official currency of the Eurozone and references to “**DKK**” means the lawful currency of Denmark.

This Prospectus has been prepared in accordance with the rules and regulations in the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with the provisions in Chapter 2, Sections 25 and 26, of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete.

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 Nasdaq Stockholm. This Prospectus may not be distributed in any country where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. 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 U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and may be subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Issuer has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Issuer has not registered the Bonds under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

The Prospectus will be available at the Swedish Financial Supervisory Authority’s web page ([www.fi.se](http://www.fi.se)) and the Issuer’s web page ([www.cipptechnologiesolutions.com](http://www.cipptechnologiesolutions.com)), and paper copies may be obtained from the Issuer.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Issuer’s auditors. Certain financial information in this Prospectus may have been rounded off 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 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 Issuer’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 Issuer believes that the forecasts 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 section “*Risk factors*” below.

This Prospectus shall be read together with all documents that are incorporated by reference (see section “*Overview of financial reporting and documents incorporated by reference*” below) and possible supplements to this Prospectus.

The Bonds may not be a suitable investment for all investors and each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact other Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus is governed by Swedish law. Disputes concerning, or related to, the contents of this Prospectus shall be subject to the exclusive jurisdiction of the courts of Sweden. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

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## **Risk factors**

*Investing in the Bonds involves inherent risks. In this section a number of risk factors are described, both general risks attributable to the operations of CIPP Technology Solutions A/S (the “**Issuer**”) and its subsidiaries (together, the “**Group**”). The financial performance of the Issuer and the Group and the risks associated with its businesses are important when making a decision on whether to invest in the Bonds. A number of risk factors and uncertainties may adversely affect the Issuer, and the Group. If any of these risks or uncertainties actually occurs, the business, operating results and financial position of the Issuer and the Group could be materially and adversely affected, which ultimately could affect the Issuer’s ability to make payments of interest and repayments of principal under the final terms and conditions for the Bonds (the “**Terms and Conditions**”). In this section, a number of risk factors are illustrated, namely general risks pertaining to the Group’s business operations and material risks relating to the Bonds as financial instruments. The risks presented in this Prospectus are not exhaustive and other risks not discussed herein that the Group is currently not aware of, may also adversely affect the Group, the price of the Bonds and the Issuer’s ability to service its debt obligations. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.*

*The Issuer is the ultimate parent company of the Group and the Guarantors are wholly-owned subsidiaries of the Issuer. The risk factors applicable to the Group, as described below, are therefore applicable to the Issuer and its subsidiaries, including the Guarantors.*

### **Risks associated with the Group, the industry and the market**

***The volatility in the supply and prices of, or the inability to procure, raw materials may have a material adverse effect on the Group’s business, financial condition and results of operations***

The main product of the Group, glass reinforced plastic liners (“**GRP Liners**”), require certain raw materials, in particular glass and resin. Since the risk of price fluctuations in raw materials under the Group’s current pricing arrangements is effectively borne by the Group rather than its customers, the Group is heavily dependent on the affordability and availability of such raw materials. Resin, in particular, is subject to a high degree of price volatility since it is priced in the world market and the prices, which are primarily quoted in Euro (EUR), generally vary in accordance with demand for oil. The underlying price volatility of oil is primarily due to fluctuating customer demand, supply and speculation, which may, from time to time, be compounded by decreases in extraction and production due to natural disasters, political or financial instability or unrest. An increase in raw materials costs that cannot be passed on to customers could have a material adverse effect on the Group’s business, financial condition and results of operations.

The Group’s profitability is dependent in part on resin prices and the extent to which changes in resin prices correlate to changes in GRP Liner prices. Although the resin price is settled by the Group on a regular basis and sales of GRP Liners are generally make-to-order, complicating factors could include the extent of the time lag between the date of the resin purchase and the actual sale of the GRP Liners in which the resin was used (average cost basis), in particular in certain emerging markets where orders may to a higher degree be make-to-stock rather than make-to-order and longer payment terms may apply. The Group has pricing agreements with the majority of its suppliers of glass and resin that include regular price fixing. If the pricing terms in the Group’s contracts for raw materials do not reflect market

prices or is not extended on competitive terms, it could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may also be unable to procure certain necessary raw materials on a timely basis, at acceptable prices and other terms, in sufficient amounts or at all. For certain raw materials, for example resin and glass with special waving, the Group relies on a relatively small number of suppliers. Although there are alternative suppliers in the market for each of the Group's raw materials, replacing a supplier may be time consuming and the terms available may not be as favourable as the terms in current supply agreements; the producers of the raw material required for the Group's products may be characterised as global players, in relation to which the Group enjoy little to no purchasing power. The Group could also experience issues with the quality of the raw materials it purchases. Failure to procure certain necessary raw materials on a timely basis, at acceptable prices and other terms, in sufficient amounts or at all could have a material adverse effect on the Group's business, financial condition and results of operations.

Further, the Group may be forced to purchase products from other suppliers for various reasons, including if a supply contract is not extended, if a supplier is not able to meet its delivery obligations (including due to export, import or other restrictions for certain raw materials) or if a supplier faces financial or operational difficulties or disruptions. If the Group is unable to obtain adequate and punctual deliveries of required raw materials at acceptable prices, they may be unable to manufacture sufficient quantities of products in a timely or profitable manner, which could harm the Group's reputation and cause them to lose customers, incur additional costs or delay new product introductions. In addition, switching the supplier of a certain raw material may negatively affect the Group's production since it might be forced to carry out necessary adjustments to its production process as dictated by differences in quality and other characteristics of the raw materials. Any prolonged interruption in the supply of raw materials could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's exposure to the European market and increasing levels of competition in the European market may have a material adverse effect on the Group's business, financial condition and results of operations***

The Group's core market, Europe, currently accounts for a vast majority of the Group's consolidated revenues. The European market for Cured-in-Place (CIPP) Lining ("CIPP Lining") is becoming increasingly competitive, which in turn has led to increased price pressure. Meanwhile, unless compensated for by cost-out initiatives, and certain value adding measures such as increased customer support and services, the Group's long-term growth and profitability are dependent on stable average rates and further increased price pressure may have a material adverse effect on the Group's business, financial condition and results of operations.

In light of the stern competition in the European markets, the Group's long-term growth and profitability are further dependent on its ability to increase its production capacity, to continue to develop products that are competitive in terms of quality and price as well as to build its position in the GRP Lining market. The Group may be adversely affected by, among other things, increases in competitors' activity, higher price pressure and the development of new production technologies, products, services and customer offerings. If the Group is unable to meet customer or end user demands or is unable to develop new products that help generate profitable business, it may lose its current market share and competitive position. The Group's operations are, and will be for the foreseeable future, exposed to price

competition, which may cause downward price pressure, declining margins and reductions in the Group's sales. If the Group is unable to compete effectively or is unable to keep up with price or product trends, it could have a material adverse effect on the Group's business, financial condition and results of operations.

***Failure to diversify the Group's geographical markets or maintaining a presence in non-European markets may have a material adverse effect on the Group's long-term business, financial condition and results of operations***

Due to the increasingly competitive European market for CIPP Lining, the Group's ability to effectively penetrate other CIPP Lining markets, in particular the U.S. and the Asia Pacific ("APAC") CIPP Lining markets, as well as maintaining a presence in other non-European markets where it is currently active, plays an important role in the future success of the Group. However, the penetration rate for GPR Liners as opposed to substitutes such as felt lining are comparably low in the U.S. and APAC regions. Therefore, an increased penetration rate for GRP Liners partly at the expense of felt lining is an important element in the future success of the Group.

Due to the customers' demand for short delivery times, localization of raw materials becomes increasingly important with an international presence. Failure to localize sourcing of raw materials and prolonged delivery times may therefore have an adverse effect on the Group's business operations and results of operations.

Furthermore, the U.S. CIPP Lining market strongly promotes local U.S. production since the U.S. Department of Transportation (DoT), which owns a majority of the culverts, requires the use of U.S. based products in CIPP Lining. The Group is in the process of setting up local production facilities in the U.S., and failure to set up such facilities in a timely manner or at all could materially and adversely affect the Group's ability to establish a presence in the U.S. CIPP Lining market.

Further shifts in customer preferences with regard to the location of production units may force the Group to adapt its operations geographically and may thus incur additional costs, with respect to, inter alia, reorganisation and reinvestments. Furthermore, should such changes in demands render a concentration of the Group's businesses to one or more certain geographical areas, the Group is more exposed to any fluctuations in local market conditions of such areas. Such fluctuations might have an adverse effect on the Group's revenues and cost base. Should the Group incur additional costs due to local fluctuation in supply and demand of the areas in which the Group operates, it could have a material negative impact on the Group's revenue, operations, profitability and financial position.

Failure to establish or maintain local business operations in CIPP Lining markets outside Europe may have a material adverse effect on the Group's long-term business, financial condition and results of operations.

The Group relies increasingly on optimising the supply chain, which includes balancing production capacity in regions with the global demand. This means increased intercompany trade and increased regional supplies across geographies. Changes in e.g. trade barriers, regulatory requirements may have a negative effect on the group's ability to utilize global capacity for all regions, including markets where the Group does not have production and therefore may have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group relies on a small number of customers and a deterioration or decline in the business with these customers could have a material adverse effect on the Group's business, financial condition and results of operations***

The Group is to a certain extent dependent on its key customers. The Group's ten largest customers currently contribute to approximately 60 per cent. of the Group's revenues as at the issue date of the Bonds. The Group's revenue stream from these customers may be adversely affected by any deterioration or decline in the business of these partners or if any of these partners would terminate or not renew their agreements or cooperation with the Group. If a significant amount of the Group's commercial relationships with its key customers are terminated or not extended, this could have a material adverse effect on the Group's business, financial condition and results of operations.

***Substitute materials and new technologies, or changes in the installation processes of customers or the public tender requirements of end users of GRP Liners, could have an adverse effect on the market price of and demand for GRP Liners***

GRP Liners competes with other products in the CIPP Lining market, in particular felt lining. Felt lining is generally more competitively priced than GRP Liners but has lower flexural strength and modulus and requires longer installation times compared to GRP Liners. Since the CIPP Lining end users generally are governmental entities subject to public procurement rules, the level of technical requirements stipulated by public tenders for CIPP Lining may promote the use of cheaper substitutes to GRP Liners such as felt lining. Increasingly competitive pricing of other competing products such as felt lining, development of new or improved substitutes for GRP Liners or government regulatory initiatives mandating the use of felt lining or such other materials instead of GRP Liners could significantly reduce the prices of and demand for GRP Liners and have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the installation processes of the Group's customers may change from time to time due to improved technologies, product enhancements, environmental standards or public tender specifications. These changes may require the Group to develop new products and enhancements for its existing products. The emergence of new technologies could also result in GRP Liners becoming obsolete. In addition, the CIPP Lining market may be subject to evolving environmental standards that require improved quality, changing end user specifications and cause wide fluctuations in product supply and demand, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***A deterioration of the quality and performance the Group's products may hurt the Group's reputation and consequent product liability claims could have a material adverse effect on the Group's business, financial condition and results of operations***

GRP Liners are used in applications where there could be significant consequential damages resulting from defects in the product. The performance and quality of GRP Liners are therefore critical to the success of the Group's business.

The performance and quality of GRP Liners depend significantly on the effectiveness of the Group's quality control systems, which in turn depend on a number of factors, including the personnel's level of experience, quality of the training programs, the design of the systems and the Group's ability to ensure that its products are duly controlled. In particular, in connection with the geographical expansion of the Group in certain emerging markets, the Group may not be able to recruit and retain personnel

with an adequate level of experience to ensure the performance and quality of its products. Any significant failure or deterioration of the Group's quality control systems could have a material adverse effect on its reputation and could also result in product liability claims which individually or cumulatively could result in substantial liabilities which may have a material adverse effect on the Group's business, financial condition and results of operations.

***Regulatory changes may have a material adverse effect on the Group's business, financial condition and results of operations***

The Group operates in a global environment and is subject to a wide variety of legal systems and the Group's governance and compliance processes may not be sufficient to prevent breaches of law or governance standards by the Issuer or its subsidiaries. Uncertainties in the interpretation and application of laws and regulations in the jurisdictions in which the Group operates and, in particular, the enactment of new laws and regulations and changes to existing laws and regulations which impact the Group and its business activities may result in a risk of reduced revenues and/or increased costs or failure to keep pace with regulatory changes, which in turn may have an adverse effect on the Group's operations, financial position and results of operations.

***The Group's operations in certain emerging economies may be adversely affected by political, economic and legal developments in such countries***

The Group is present and expanding in certain countries in which the political, economic, legal, and regulatory systems may be less predictable than in countries with more developed institutional structures. Political or economic upheaval, changes in laws and other factors could have a material adverse effect on the Group's results of operations and/or impair the value of its investments in such countries.

In addition, sanctions have been imposed on the conducting of certain business with Russian entities and persons by the U.S. and the European Union. While these sanctions have so far not had a significant effect on the operations of the Group, should new economic or other sanctions, such as further limitations on trade, in response to crises or tensions be imposed, this could have a material adverse effect on the economies in the region and consequently the Group's operations in the region. The Group has currently not implemented policies or procedures in respect of sanctions, but is planning to implement such policies and procedures during 2019. However, such implementation may be subject to unforeseen delays and may not prove effective in ensuring compliance in the evolving regulatory landscape.

Another significant risk of operating in emerging market countries is the potential establishment or enforcement of foreign exchange restrictions, which could effectively prevent the Group from repatriating profits or liquidating assets and withdrawing from one or more of these countries. For example, China imposes foreign exchange controls on foreign companies. Furthermore, changes in tax regulations or enforcement mechanisms could reduce substantially or eliminate any revenues derived from operations in these countries and reduce significantly the value of assets related to such operations. Legal and regulatory systems in emerging market countries are also typically less developed and not as well enforced as in Western European countries, which creates uncertainty in the operating environment. If any one of the above risks materialise, it may, singly or in the aggregate, have an adverse effect on the Group's operations, financial position and results of operations.



***The business and financial performance of the Group may be adversely affected by general economic, consumer or end-user trends***

The business and financial performance of the Group is affected by general economic, consumer or end-user trends beyond its control and the impact that such trends have on the CIPP Lining industry. The Issuer's income is predominantly derivative of the end users' consumption patterns. Unfavourable economic conditions, a declining taxable base or other macroeconomic factors may reduce the tax income of end users or the number of end users electing to us GRP Lining as opposed to substitutes such as the more competitively priced felt lining. It could also lead to lower CIPP Lining consumption levels overall. Any negative developments concerning the global economic outlook, macroeconomic factors, consumer and end user trends and the effect of such trends on the CIPP Lining industry could have a material adverse effect on the Group's operations, financial position and results of operations.

***The Group is dependent on its intellectual property and failure in maintaining, obtaining and enforcing relevant intellectual property could have an adverse effect on the Group's operations, financial position and results of operations***

The business of the Group to a certain extent relies on its intellectual property. While management believe that they currently have valid rights to all material intellectual property, there can be no assurance that the Group will be successful in maintaining, obtaining and enforcing relevant intellectual property rights in all relevant markets. The Group is also from time to time involved in disputes concerning intellectual property rights. Failure to maintain, obtain or enforce intellectual property rights could ultimately have a materially adverse effect on the Group's business, competitive and financial position and results of operations.

***The Group's is dependent on its technology systems and any extended outage, inadequate functionality or delays to the information system may have a materially adverse effect on the Group's business, financial position and results of operations***

The Group is dependent on its technology systems in its operations, e.g. to coordinate allocation of resources, control product inventories, manufacturing, sales and purchase and transport raw materials. The Group has identified a need to update its current technology systems and is planning to implement a new integrated technology system during 2019/2020, with implementation planned to be finished during 2021. Delays and difficulties in implementation as a result of system errors or other causes may arise and no assurance can be given that the implementation performed in a timely manner. Difficulties in maintaining, upgrading and integrating these systems may result in damage to the Group's reputation in the eyes of its customers, increased costs, and reduced profitability. The functioning of the Group's technology systems could also be disrupted for reasons beyond its control, including accidental damage, disruptions to the supply of utilities or service, extreme weather events, safety issues, system failures, workforce actions or environmental disasters. Each extended outage, inadequate functionality or delays to the technology system may imply the loss of important information or the delay of some actions, which in turn may have a materially adverse effect on the Group's business, financial position and results of operations.

In the event the Group's technology systems becomes unusable or its function is significantly impaired for any reason during an extended period of time, the Group's operations may be adversely affected since the manufacturing process as well as the ability to deliver products at the appointed time, order raw materials and handle inventory are dependent on the Group's technology systems. Any extended outage, inadequate functionality or delays to the information system may imply the loss of important

information or the delay of some actions, which in turn may have a materially adverse effect on the Group's business, financial position and results of operations.

In addition, any problems with technology systems could result in leakage of sensitive information, theft of intellectual property and unavailability of production systems, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations. Any compromise of the Group's technology security could further result in a loss of confidence in the Group's security measures and expose the Group to litigation, civil or criminal penalties and adverse publicity that could have a material adverse effect on the Group's business, financial condition and results of operations.

***Failure to attract qualified personnel or a loss of key personnel or labour unrest could disrupt the Group's business and have a material adverse effect on the Group's business, financial condition and results of operations***

The Group's success is partially attributable to the Group's ability to recruit and retain personnel with a high level of technical expertise and experience from the CIPP Lining industry, in particular in respect of GRP Lining sales and GRP Lining installations. The loss of key individuals or other employees who have specific knowledge of GRP Liners or strong relationships with the Group's trade customers could have a material adverse effect on the Group's business, financial condition and results of operations. Similarly, if the Group cannot recruit, train, retain and/or motivate and replace qualified personnel, it may be unable to compete effectively in the CIPP Lining market and the successful implementation of the Group's strategies may be limited or prevented, which in each case could have an adverse effect on the Group's operations, financial position and results of operations.

In addition, the need for qualified employees in emerging market countries may require the Group to hire foreign trained employees, which may reduce the cost competitiveness of its operations. Expansion in emerging market countries also places greater pressure on monitoring corrupt behaviour, in particular in countries that have a history of governmental corruption. The reputation of the Group could be severely harmed due to corrupt behaviour by its employees, which could also subject the Group to fines and other sanctions. This could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, the Issuer and its subsidiaries are dependent on certain key individuals at senior management level. If the Group were to lose key individuals in the organisation, this could have a material adverse effect on the Group's operations, financial position or earnings.

The Group is also subject to the risk of labour disputes and adverse employee relations that could disrupt its business operations. There can be no assurance that any work stoppage would not have a material adverse effect on the Group's business, financial condition and results of operations.

***Environmental, health and safety risks the Group's operations are subject to various environmental laws and regulations and a failure to comply with these laws and regulations could result in unexpected costs and other liabilities***

The Group is subject to various environmental laws and regulations. Management of the Group believes that its operations are conducted in accordance with applicable laws and regulations, or are in the process of being compliant, regarding the environment, health and safety set by the relevant authorities, as well as in accordance with applicable environmental permits. However, as environmental laws and regulations are amended or as their application or enforcement is changed, significant costs in

complying with new and more stringent regulations may be imposed on the Group. Further, some of the Group's operations require environmental and other regulatory permits that are subject to modification, renewal or, subject to certain conditions, revocation by the issuing authorities. In certain countries, the procedures for obtaining these permits are often long and complex and there can be no assurance that the requested permit will be granted or renewed. In addition, violations of applicable environmental laws and regulations could result in civil and criminal penalties, revocation of permits and licences, the curtailment or cessation of operations, third-party claims or any combination thereof, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Progress in the form of more stringent standards in law and regulations of the environment, health and safety, stricter application of these laws and regulations by the authorities, and claims for personal injury or property damage caused by environmental, health or safety shortcomings in the Group's operations or from previous contamination, may result in financial penalties or fines, or civil or criminal proceedings. Such events may also prevent or limit the Group's operations, any of which may have a materially adverse effect on the Group's business, financial position and results of operations.

***The Group's governance, internal controls and compliance processes could fail to prevent regulatory penalties, reputational harm and fraud***

The Group operates in a global environment and its activities straddle multiple jurisdictions and complex regulatory frameworks at a time of increased enforcement activity and enforcement initiatives globally in areas such as anti-corruption law. The Group has currently not implemented policies and procedures regarding e.g. sanctions and anti-corruption and the Group's governance and compliance processes may not prevent breaches of law or governance standards by the Group or by its subsidiaries. The Group's failure to comply with applicable laws and other standards could subject it to fines, loss of operating licences and reputational harm.

Although management of the Group to the best of their knowledge believes that its current system is sufficient in order to meet the requirements imposed in regulations and by the market, there may be the risk that errors and delays in internal reporting are not discovered in time.

Additionally, at the operational level, individual employees may not comply with the Group's policies and guidelines and as a result may cause the Group to incur compliance costs and cause the Group reputational damage. The Group relies upon governance, internal control and compliance systems, the effective operation of which will be necessary for the Group to accurately and effectively compile the Group's financial results and monitor its internal control processes. Any problems with these systems could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, inadequate internal controls could also cause investors and other third parties to lose confidence in the Group's reported financial information.

***Exposure to transaction and foreign exchange rate risk could affect the Group's cash flow and financial position adversely***

The Group is exposed to currency risk, i.e., the risk that currency exchange rate fluctuations will have an adverse effect on its cash flow and financial position, income statement or balance sheet. Exchange rate fluctuations affect the Group's results partly when sales and purchases in foreign subsidiaries are conducted in different currencies (transaction exposure), and partly when the profit and loss accounts

and balance sheet items are translated from foreign currencies in the Issuer's reporting currency (translation exposure).

The Group's transaction exposure arises from the generation of income in markets with currencies other than those in which certain raw materials and finished products are procured. The Group's transaction exposure risk mainly relates to the positions and future transactions in Euro (EUR) and Renminbi (RMB) and U.S. Dollars (USD). Although local sourcing may set off such transaction exposure, the Group does not regularly enter into forward contracts or options to hedge against exposure to transaction and exchange rate risks and thus, to the extent the Group is not able to set-off the transaction exposure by procuring or maintain local sourcing, negative fluctuations in exchange rates, in particular EUR against RMB and USD, could result in a material adverse effect on the Group's operations, financial position and earnings.

The Issuer's reporting currency is EUR, and the Group's income and expenses are primarily generated and incurred in RMB, USD and, in particular, EUR. However, as the Group expands its geographical markets, the comparability of the Group results between periods may to an increasing extent be affected by changes in currency exchange rates (mainly EUR against RMB, Ruble (RUB) and USD).

### ***Financing risk***

To finance investments in, inter alia, new geographical markets, technological developments or new investments, the Group may need to make use of available financial assets and/or secure additional financing by, for example, raising loans or issuing new shares. In particular, due to amongst other things longer transit times, longer average time to market, orders to a higher degree being make-to-stock rather than make-to-order and longer payment terms, the geographical expansion of the Group has required more net working capital than originally foreseen. Previously approved and ongoing investments may also require additional financing than originally thought. Access to additional financing is dependent on various factors such as market conditions, general access to credit, general access to credit in the financial markets and the Group's credit worthiness. There is the risk that the Group will be unsuccessful in securing sufficient financing on favourable terms or even in obtaining any financing at all. A negative trend in sales or margins, or alternatively unforeseen obligations, changes in times of tax obligations, settlement of accounts payable or paid accounts receivable could lead to a shortage of liquidity and working capital and thus force needs for additional financing in, for example, equity or loans. There is the risk that raising such financing cannot take place on acceptable terms and conditions and if the Group does not secure the necessary financing it could fail to carry out its business plan, thus resulting in lower profitability and financial flexibility. Should any of these risks arise, it could have a material adverse effect on the Group's operations, financial position or results.

Further, existing financing in the Group contains undertakings which, if breached and not waived, could result in the existing financing being accelerated and becoming due and payable. An obligation to prepay any existing financing could have an adverse effect on the Group's operations, financial position and results.

The Group is also dependent on its ability to finance short-term fluctuations in cash flow and unforeseen major payment obligations. A situation where the Group is unable to meet its financial obligations towards its creditors due to lack of liquidity could have an adverse effect on the Group's operations, financial position and results.

### ***Financial reporting***

In preparing financial statements of the Group, the Group's management may be obliged to make certain judgements and estimates that can have an impact on the Group's financial statements. Failure to use accurate assumptions in calculations for such estimates could have an adverse effect on the Group's operations, financial position and results of operations.

***Risks relating to involvement in legal disputes***

The Group companies are occasionally involved in disputes as part of their normal business operations. There is a risk that the Group may become the target of claims in respect of, for example, regulatory compliance, contract matters, customer-related issues, including matters related to gaming, intellectual property rights and tax matters. Such disputes and claims can be time consuming, disrupt normal operations, involve large amounts and entail substantial costs. Ongoing and future disputes may lead to substantial damages which could have a material adverse effect on the Group's operations, financial position or earnings.

***The Group's insurance cover could prove to be inadequate for protecting the Group against losses and/or the liability that may arise in its operations***

The Group has insurances with reputable insurance providers that cover its core operations against losses and/or potential liability in relation to claims from third parties. The risks covered are damage to property, product liability claims, remuneration and benefits to employees. However, most of the Group's insurance policies are limited (insured amounts) to certain maximum amounts per claim or series of claims or pertain to total amounts during a certain insurance period. For example, the Group's product liability insurance coverage is limited to certain amounts and may not be sufficient to cover all potential liabilities. Accordingly, a major claim or a series of smaller claims for damages related to the Group's products sold may not be fully covered by insurance, or may not be covered by insurance at all. Furthermore, one of the main component of GRP Liners, resin, is a flammable material that increases the risk of fires in the Group's production and storage facilities. Although the Group maintains property insurance, such insurance may not adequately cover any business interruption or other consequential damages due to fires in the Group's facilities.

In addition, there may be other losses that are expressly excluded from or that for other reasons are not encompassed by the Group's existing insurance. For example, certain types of losses are not generally covered by insurance since it is not deemed possible to insure such losses. This could be, for example, damage caused by war or terrorism and professional or personal liability in the event of negligent, intentional or criminal acts.

If a loss is not covered by an insurance policy, exceeds the amount limitations or causes consequential losses, it could have a material adverse effect on the Group's operations, financial position or earnings.

***Financial assistance rules***

The applicable Danish financial assistance regime set forth limitations and restrictions on transactions by which Danish limited liability companies assist in the financing of the acquisition of the shares in themselves or their direct or indirect parent companies. Any security interest or other financial support granted by the Group to the bondholders in violation of these rules and restriction may be held not to be enforceable and required to be reverted. Language has been included in the Finance Documents to

restrict the liability of the Danish Group Companies to the extent required to comply with the Danish financial assistance regime.

## **Risks related to the Bonds**

### ***Credit risks***

An investment in the Bonds carries a credit risk relating to the Group. The bondholders' ability to receive payment under the Terms and Conditions is therefore dependent upon the Issuer's and the Group's ability and willingness to meet its payment obligations, which in turn is dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors, a number of which have been discussed herein. 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 any deterioration in the financial position of the Group may entail a lower credit-worthiness and the possibility for the Group to receive financing may be impaired when the Bonds mature.

### ***Refinancing risk***

The Issuer may be required to refinance its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt obligations is dependent upon the conditions of the capital markets and the Issuer's financial position at such time. Even if the markets and the Issuer's financial position improve, the Issuer's access to financing sources may not be available on acceptable terms, or at all. The Issuer's inability to refinance its debt obligations on acceptable terms, or at all, could have a material adverse effect on the Issuer's operations, earnings and financial position and on the bondholders' recovery under the Bonds.

### ***Ability to service debt***

The Issuer's ability to service its debt under the Bonds will depend on, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be enforced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. There is a risk that the Group will not be able to affect any of these remedies on satisfactory terms, or at all which could have a material adverse effect on the Issuer's operations, earnings and financial position.

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

The Issuer will be required to comply with the Terms and Conditions and the other Finance Documents. Events beyond the Issuer's control, including changes in the economic and business condition in which the Group operates, may affect the Issuer's ability to comply with, among other things, the undertakings set out in the Terms and Conditions. A breach of the Terms and Conditions could result in a default under the Terms and Conditions.

### ***Interest rate risks***

The value of the Bonds is dependent on several factors, including the level of the general market interest rates over time. The Bonds have a floating rate structure on three (3) month EURIBOR plus a margin and the interest rate of the Bonds will be determined two (2) business days prior to the first day of each

interest period. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. An increase of the general interest rate level could adversely affect the value of the Bonds. The general interest rate level is to a high degree affected by the Swedish and the international financial development and is outside the Group's control.

### ***Liquidity risks***

The Issuer shall use its best efforts to ensure that the Bonds issued under the initial Bond issue are listed on a regulated market within 12 months of the First Issue Date and that any Bonds issued subsequently to the initial Bond issue are listed 60 days after such issue. However, there is a risk that the Bonds will not be admitted to trading. Further, even if the Bonds are admitted to trading on a regulated market, there is not always active trading in the securities and there is a risk that there will not be a liquid market for trading in the Bonds or that this market will be maintained even if the Bonds are listed. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if they are admitted for trading on a regulated market.

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

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

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's and 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, some of which have been discussed herein. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Issuer's operating results, financial position or prospects.

### ***The Bonds may not be a suitable investment for all investors***

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this material or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (iv) understand thoroughly the Terms and Conditions and the other Finance Documents (as applicable); and

- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### ***Currency risk***

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

### ***Dependence on subsidiaries***

Most part of the Group's assets and revenues relate to the Issuer's subsidiaries. Accordingly, the Issuer may be dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to enable it to make payments under the Bonds. The subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations and commitments, including the Bonds, or to make funds available for such payments. The ability of the subsidiaries to make such payments to the Issuer is subject to, among other things, the availability of funds, corporate restrictions and the terms of each operation's indebtedness. Should the Issuer not receive sufficient income from the subsidiaries, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

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

In the event of insolvency, liquidation or a similar event relating to one of the Issuer's subsidiaries, all creditors of such company would be entitled to payment in full out of the assets of such company before the Issuer, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of such subsidiaries. There is a risk that the Issuer and its assets would not be protected from actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Group may result in the obligation of the Group to make payments under financial or performance guarantees in respect of such companies' obligations or the occurrence of cross defaults on certain borrowings of the Group, which could have a material adverse effect on the Group's business, financial position and results of operations and on the bondholders' recovery under the Bonds.

### ***Majority owner***

Following any potential change of control in the Issuer, the Issuer may be controlled by majority shareholders (other than those controlled by the Issuer when issuing the Bonds) whose interest may conflict with those of the bondholders, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. A majority shareholder has legal power to control a large amount of the matters to be decided by vote at a shareholder's meeting. For example, a majority shareholder will have the ability to elect the board of directors. Furthermore, a majority shareholder may also have an interest



in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have a material negative impact on the Group's operations, earnings and financial position. According to the Terms and Conditions, if a change of control event occurs, the bondholders have however a right of prepayment of the Bonds (put option). There is thus a risk that the Issuer does not have enough liquidity to repurchase the Bonds if the bondholders use their right of prepayment, see further under Section *Risks related to early redemption, prepayment and put option* below.

### ***Risks related to the security package***

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer. This means that in the event of bankruptcy, re-organisation or winding-up of the Issuer, the bondholders normally receive payment after any priority creditors have been fully paid to the extent that the bondholders' claim is not secured by the transaction security for the Bonds (the "**Transaction Security**").

The Transaction Security consists of (i) a share pledge agreement in respect of all shares in the Issuer held by the current shareholders of the Issuer (subject to a pre-agreed release of the shares and/or the issuance of new shares in aggregate not exceeding five (5) per cent. of the share capital of the Issuer, in each case for the purpose of a management incentive scheme (as further described under Section Management incentive scheme below)); (ii) a share pledge agreement in respect of all shares in Impreg GmbH; (iii) a pledge agreement in respect of all shares in the CIPP Technology Holding Aps; (iv) an assignment agreement (De. *Globalzession*) in respect of receivable claims of Impreg GmbH; (v) an assignment agreement (De. *Globalzession*) in respect of receivables claims of Impreg International GmbH; (vi) a pledge agreement (Dk. *virksomhedspant*) in respect of a 8 million DKK floating charge in CIPP Technology Holding ApS (the "**Danish Floating Charge**"); and (vii) an assignment agreement in respect of the downstream loan from the Issuer to CIPP Technology Holding Aps in the approximate nominal amount of EUR 10,000,000.

To the extent the Transaction Security relates to assets of subsidiaries of the Issuer, each security interest granted will be limited in scope to comply with limitations on financial assistance, capital maintenance rules or similar restrictions under applicable law. As a result, the security interests can only be enforced if and to the extent that such enforcement will not lead to a violation of these restrictions under corporate laws applicable to the relevant subsidiary, including in Germany and Denmark. In Germany, a GmbH is prohibited from disbursing assets to its shareholders to the extent the amount of the GmbH's net assets is already less or would fall below the amount of its stated share capital. Providing security for debt of a direct or indirect shareholder is considered a disbursement to such shareholder. The Transaction Security may thus not be enforceable in the event of a default of the Issuer, or only be enforceable in part, which may limit the recovery of the bondholders.

Moreover, the Transaction Security will be subject to laws protecting debtors and creditors generally, including restrictions on fraudulent conveyance or voidable preference and hardening periods applicable under relevant bankruptcy laws. These restrictions may give an insolvency receiver or other creditors a right to challenge or void the Transaction Security.

Further, there is a risk that the proceeds from any enforcement of the pledged assets would not be sufficient to satisfy all amounts then due on or in respect of the Bonds. Certain of the pledged assets

may be illiquid and have no readily ascertainable market value. For example, the shares that are secured for the benefit of bondholders may provide for only limited repayment of the Bonds, in part because these shares may not be liquid and their value to other parties may be less than their value to the Group. It is not certain that the secured assets will be saleable, or, even if saleable, that there will not be delays in the realisation of the value thereof. As a result, the bondholders may not recover full or any value in the case of an enforcement sale of such pledged shares. Moreover, if the Issuer issues additional Bonds, the security position of the current bondholders may be impaired. If the proceeds from an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the bondholders will only have an unsecured claim against the remaining assets (if any).

### ***Management incentive scheme***

The Terms and Conditions and the documents governing the Transaction Security permit the transfer of existing shares or issuance of new shares in the Issuer of up to five per cent. of the share capital in the Issuer to participants in a management incentive scheme of the Group. The shares transferred or issued to members of management under the incentive scheme shall not form part of the Transaction Security. The existence of shares held by one or more minority shareholders, which are not comprised by the Transaction Security, will limit the bondholders' and the Trustee's flexibility to structure a potential enforcement process relating to the Transaction Security, including in relation to disregarding compliance with notice and other procedural requirements for convening shareholders' meetings as set out in Danish corporate law and the Issuer's articles of association.

### ***Shared security package***

The security package may be shared with other parties. The working capital facility provider of the Group (being a bank or other financing provider under any working capital facility in the maximum aggregate amount of the equivalent of EUR 4,000,000), Sydbank A/S, the Security Agent (as defined below), any creditors under shareholder loans and any hedging provider shall if requested by the Issuer enter into an intercreditor agreement providing for (i) complete subordination of any shareholder loans and intra-group loans and (ii) super senior ranking of each of (A) the working capital facility, (B) a loan granted by Sydbank A/S in a nominal DKK amount equivalent to approximately EUR 1,045,000 (the "**Sydbank Loan**") and (C) any hedging obligations relating to the working capital facility, the Sydbank Loan and the Bonds, in relation to the senior ranking Bonds. The super senior ranking will follow market practice for super senior working capital facilities, including sharing of the same security package as the Bonds but with waterfall in favour of the working capital facility provider, Sydbank A/S as creditor under the Sydbank Loan and any hedging provider. The bondholders will upon enforcement actions being taken have the first right to instruct the Trustee to take enforcement actions. In case of absence of enforcement actions for more than three (3) months the instruction right will shift to the working capital facility provider and the hedging provider for a period of three (3) months. This means that in some situations where for example another secured creditor have requested enforcement action to be taken but the bondholders have not provided any enforcement instructions within the applicable time frame, that secured party may give enforcement instructions to the Trustee.

The bondholders (and the other secured creditors) will be represented by a security agent in all matters relating to the transaction security (the "**Security Agent**"). The Security Agent will take enforcement instructions primarily from the Trustee (representing the bondholders). However, if the Trustee wishes to enforce the security, the Trustee must first consult with the other secured creditors for a certain time

period after which the Trustee must instruct the Security Agent to take such action. Furthermore, the Security Agent may act in a manner that the bondholders believe is to their detriment.

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.

Although the Terms and Conditions restricts any payments under the Vendor Loan Note, the creditor under the Vendor Loan Note may not agree to subordinate its claims under the Vendor Loan Note to the Bonds and may in such case under certain circumstances demand payment thereunder prior to the redemption date of the Bonds.

Furthermore, although the Intercreditor Agreement contains provisions for the sharing of the Transaction Security between the secured parties, if a secured party receives enforcement proceeds or other payments in excess of what is stipulated by the Intercreditor Agreement, such secured party is obligated to share such proceeds or payments. However, it is not certain that a bankruptcy administrator of such secured party would respect the Intercreditor Agreement which potentially could adversely affect the other Secured Parties.

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

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

#### ***Risks related to early redemption, prepayment and put option***

Under the Terms and Conditions, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the bondholders have the right to receive an early redemption amount, which exceeds the nominal amount of the Bonds. In the event of an Equity Listing Event, the Issuer may repay up to thirty (30.00) per cent. of the total outstanding nominal amount. Moreover, the Issuer may on one occasion each calendar year, make partial repayments of Bonds in an amount corresponding to a maximum of five (5.00) per cent of the aggregate Nominal Amount as of the First Issue Date. 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.

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put option) (i) if an event or series of events occur whereby one or more persons (other than the main shareholder or an affiliate thereof) acting in concert acquire control, directly or indirectly, over more than fifty (50.00) per cent. of the voting shares of the Issuer, or the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer or (ii) if the Bonds issued under the initial Bond issue have not been listed on a regulated market within 12 months after the First Issue Date. There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which

could adversely affect the Issuer, e.g., by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

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

In accordance with the Terms and Conditions, the Trustee will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security and/or guarantee and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that a bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions), which could negatively impact an acceleration of the Bonds or other action against the Issuer. To enable the Trustee to represent bondholders in court, the bondholders may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the Trustee will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the Trustee in such matters could impact a bondholder's rights under the Terms and Conditions and the other Finance Documents in a manner that would be undesirable for some of the bondholders.

***Bondholders' Meetings***

The Terms and Conditions will include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions will allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. Consequently, 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 have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in the United States. The Issuer has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Issuer has not registered the Bonds under any other country's securities laws. Each potential investor should observe and obey the transfer restrictions that apply to the Bonds. It is each potential investor's obligation to ensure, at own cost and expense, that the offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a bondholder cannot sell its Bonds as desired.

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

The Bonds will be affiliated with Euroclear Sweden's account-based system, and no physical Bonds will be issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear Sweden's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent upon the functionality of Euroclear Sweden's account-based system, which is

a factor that the Issuer cannot control. If Euroclear Sweden's account-based system would not function properly, there is a risk that investors would not receive payments under the Bonds as they fall due.

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

This material is and the Terms and Conditions will be based on Swedish law in force at their respective date of issuance. The impact of any possible future legislative measures or changes, or changes to administrative practices, may give rise to risks which are not possible to foresee. There is a risk that amended or new legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

#### ***Conflict of interests***

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

#### ***Danish Financial Regulation Regime***

The Issuer has structured the issuance of the Bonds and its operations in reliance on its interpretation of the Danish Financial Supervisory Authority's (the "DFSA") current practice on bond issues and issuers. It is the Issuer's view that pursuant to the current practice the issuance of the Bonds will not make the Issuer subject to the financial regulation or any license requirements thereunder as a regulated financial entity. Should the Issuer's interpretation of the current practice prove to be incorrect or should the DFSA change its practice in this area it could have a material adverse effect on the Issuer's business, financial position, profitability, and result, and on the bondholder's recovery.

#### ***Obligation to publish a prospectus***

The Issuer's offering of the Bonds is structured in a manner which makes it exempt from the obligation to publish a prospectus approved by the DFSA. This does not mean that subsequent offerings of the Bonds will be exempt from the requirement to publish a prospectus. If subsequent offerings of the Bonds to the public do not comply with the conditions for being exempt from the obligation to publish a prospectus there is a risk that a bondholder making such offering to the public will become subject to an obligation to publish a prospectus approved by the DFSA.

#### ***Obligation to publish key information document (PRIIPS)***

The Issuer's offering of the Bonds is structured in reliance of the view that it is not required to publish a key information document (KID) as the Bonds are not deemed within scope of EU Regulation no. 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPS). Should the Issuer's interpretation of the EU Regulation prove to be incorrect or should the DFSA apply a practice, which conflicts with the Issuer's view, it could result in fines or other sanctions of the Issuer and its reputation may be harmed.

**Responsible for the information in the Prospectus**

The Issuer issued the Bonds on 4 April 2018. This Prospectus has been prepared in relation to the Issuer applying for admission to trading of the Bonds on Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act, each as amended.

The Issuer is responsible for the information given in this Prospectus. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the actual conditions and that no information has been omitted which may distort the picture of the Issuer. The information in the Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can judge on basis of other information made public by the respective 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 is responsible for the information given in this Prospectus only under the conditions and to the extent set forth in Swedish law. 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 omissions likely to affect its import.

Kokkedal on 4 March 2019

**CIPP Technology Solutions A/S**

*The board of directors*

## The Bonds in brief

*This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference (see below section “Overview of financial reporting and documents incorporated by reference”) and the full Terms and Conditions for the Bonds, which can be found in section “Terms and Conditions for the Bonds”, before a decision is made to invest in the Bonds.*

*Concepts and terms defined in section “Terms and Conditions for the Bonds” are used with the same meaning in this section unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.*

## Summary of the Bonds

The Bonds are debt instruments (Sw. *skuldförbindelser*) of the type set forth in Chapter 1 Section 3 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*), which confirms that each Holder has a claim against the Issuer and which are intended for public market trading. The Issuer resolved to issue the Bonds on 15 March 2018. The Net Proceeds from the Initial Bond Issue (i) have been used to redeem in full existing external debt of the Issuer in an amount equivalent to approximately EUR 26,400,000 as per December 2017 (excluding, for the avoidance of doubt, the Sydbank Loan) provided by Pensam Liv Forsikringsaktieselskab and Sydbank A/S and (ii) may thereafter be used for general corporate purposes of the Group. The net proceeds from any Subsequent Bond Issue shall be used for general corporate purposes of the Group, including investments and acquisitions. The Issue Date for the Initial Bonds was 4 April 2018 and the Bonds will mature on 4 April 2021.

The aggregate nominal amount of the Bonds is maximum EUR 50,000,000 represented by Bonds denominated in EUR with ISIN SE0010921999, each with a Nominal Amount of EUR 100,000. The Initial Bonds were issued at a price equal to hundred (100.00) per cent. of the Nominal Amount. The price of Subsequent Bonds may be set at the Nominal Amount, at a discount or at a higher price than the Nominal Amount. As of the date of this Prospectus, EUR 30,000,000 of the bond loan has been issued.

The Bonds have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear Sweden AB, registration number 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden. This means that the Bonds are registered on behalf of the Holders on a securities account (Sw. *VP-konto*). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding of preliminary tax will be made through Euroclear’s book-entry system.

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least *pari passu* with (i) the Working Capital Facility, the Sydbank Loan and the Hedging Obligations pursuant to the terms of the Intercreditor Agreement (if any), but will receive proceeds from the enforcement of the Transaction Security and certain distressed disposals only after any obligations secured on a super priority basis, including the Working Capital Facility, the Sydbank Loan and the Hedging Obligations, have been repaid in full, and (ii) all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.

The Guarantors, the Issuer, CIPP Technology Holding ApS, a limited liability company incorporated in Denmark with registration number 24 22 14 58, and Impreg GmbH, a limited liability company incorporated in Germany with registration number HRB 245332, has unconditionally, jointly and severally, guaranteed to the Trustee, the Security Agent, the Super Senior Agent and each Holder (as represented by the Trustee) as for its own debts (Sw. *såsom för egen skuld*) the full and punctual payment by each Guarantor of the Secured Obligations (including all present and future obligations and liabilities of each Guarantor to the Holders, the Trustee, the Security Agent and the Super Senior Agent (or any of them) under each Finance Document) in accordance with the Guarantee issued by the Guarantors in favour of the Trustee, the Security Agent, the Super Senior Agent and each Holder (as represented by the Trustee). The obligations and liabilities of the guarantee issued by the Guarantors under the Guarantee shall be limited if required (but only if and to the extent required) under the laws of Denmark and/or Germany, being the jurisdictions in which the Guarantors are incorporated (as applicable). If the Bonds are terminated (or an Event of Default according to Clause 15.1 of the Terms and Conditions has occurred and is continuing), or following the Final Redemption Date, the Trustee, the Security Agent and the Super Senior Agent are, subject to the terms of the Intercreditor Agreement, entitled to enforce the Guarantee at their sole discretion.

The Issuer shall redeem all outstanding Bonds at hundred (100.00) per cent. of the Nominal Amount together with accrued but unpaid interest on the Final Redemption Date, unless previously redeemed or repurchased in accordance with Clause 12 (*Redemption and repurchase of the Bonds*) or terminated in accordance with Clause 15 (*Termination of the Bonds*) of the Terms and Conditions.

The Issuer may on one occasion each calendar year, choose to make partial repayments of Bonds in an amount corresponding to a maximum of five (5) per cent of the aggregate Nominal Amount as of the First Issue Date. Any such partial repayment shall reduce the Outstanding Nominal Amount of each Bond *pro rata* (rounded down to the nearest EUR 1). The prepayment price for each Bond shall be a premium on the repaid amount as set forth in the Call Option Amount for the relevant period and shall in each case together with accrued but unpaid interest (see further Clause 12.3 (*Voluntary prepayment*)) of the Terms and Conditions).

The Issuer may choose to redeem all, but not only some, of the Bonds in full on any Business Day falling on or after the First Call Date, but before the Final Redemption Date, at the Make Whole Amount or the Call Option Amount (as applicable) together with accrued but unpaid Interest (see further Clause 12.4 (*Early voluntary redemption by the Issuer (call option)*) of the Terms and Conditions).

The Issuer may at one occasion, in connection with an Equity Listing Event, choose to repay up to thirty (30) per cent. of the total Outstanding Nominal Amount, in which case all outstanding Bonds shall be partially repaid by way of reducing the Nominal Amount of each Bond *pro rata*. The repayment must occur on an Interest Payment Date within 180 days after such initial public offering and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such offering (net of fees, charges and commissions actually incurred in connection with such offering and net of taxes paid or payable as a result of such offering). The repayment per Bond shall equal the repaid percentage of the Outstanding Nominal Amount (rounded down to the nearest EUR 1,000) plus (i) a premium on the repaid amount as set forth in the Call Option Amount for the relevant period and (ii) accrued but unpaid interest on the repaid amount Interest (see further Clause 12.5 (*Equity Claw Back*) of the Terms and Conditions).



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

Upon a Change of Control Event or a Listing Failure occurring, each Holder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to one hundred one (101.00) per cent. of the Outstanding Nominal Amount together with accrued but unpaid Interest (see further Clause 12.7 (*Mandatory repurchase due to a Change of Control Event or a Listing Failure (put option)*) of the Terms and Conditions).

Payment of the Nominal Amount, interest and/or any amount due in respect of a repurchase of any Bonds, will be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount. Payments shall be made in EUR. The right to receive payment of the Nominal Amount is time-barred and becomes void ten (10) years from the relevant Redemption Date, unless the limitation period is duly interrupted.

The Initial Bonds bear Interest from, but excluding, the Issue Date up to and including the relevant Redemption Date, and any Subsequent Bonds bear interest from, but excluding, the Interest Payment Date falling immediately prior to their issuance and up to, and including, the relevant Redemption Date, at a floating rate of EURIBOR (3 months) + 800 basis points *per annum*. Interest is paid quarterly in arrears on each Interest Payment Date and is 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).

The Interest Payment Dates are 4 January, 4 April, 4 July and 4 October each year (with the first Interest Payment Date on 2 June 2018 and the last Interest Payment Date being the Final Redemption Date (or any final redemption date prior thereto)) (as adjusted following an application of the Business Day Convention). The right to receive payment of interest is time-barred and becomes void three (3) years from the relevant due date for payment.

Nordic Trustee & Agency AB (publ), registration number 556882-1879, P.O. Box 7329, SE-103 90, Stockholm, Sweden is acting as Trustee, Security Agent and Super Senior Agent (as applicable) for the Holders in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. Even without a separate authorisation from the Holders and without having to obtain any Holder's consent (if not required to do so under the Terms and Conditions), the Trustee, or a person appointed by the Trustee, is entitled to represent the Holders in every matter concerning the Bonds and the Finance Documents. The Trustee is authorised to act on behalf of the Holders in any legal or arbitration proceedings relating to the Bonds held by such Holder, including the winding-up, dissolution, liquidation, company reorganisation (*Sw. företagsrekonstruktion*), or bankruptcy (*Sw. konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. Each Holder shall immediately upon request by the Trustee provide the Trustee with any such documents, including a written power of attorney (in form and substance to the Trustee's satisfaction), as the Trustee deems necessary for the purpose of carrying out its duties under the Finance Documents. The Trustee is under no obligation to represent a Holder which does not comply with such request of the Trustee.

An agreement was entered into between the Trustee and the Issuer on or about the Issue Date regarding, *inter alia*, the remuneration payable to the Trustee. The rights, obligations and the representation of the

Trustee are set forth in the Terms and Conditions and the Trustee Agreement. The Terms and Conditions are set out herein and are further available at the Issuer's web page, [www.cipptechnologysolutions.com](http://www.cipptechnologysolutions.com), and the Trustee Agreement is available at the office of the Trustee during normal business hours.

Each of the Issuer, the Trustee and Holders representing at least ten (10.00) per cent. of the Adjusted Nominal Amount, may request that a Holders' Meeting is convened (see further Clause 17 (*Decisions by Holders*) and Clause 18 (*Holders' Meeting*) of the Terms and Conditions) or request a Written Procedure (see further Clause 19 (*Written Procedure*) of the Terms and Conditions). Such Holders' Meeting or Written Procedure may, upon votes representing a relevant majority of Holders eligible for voting, cause resolutions to be validly passed and binding on all Holders.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall *firstly* be applied towards payment *pro rata* of amounts owing to the Trustee under the Finance Documents, including all costs and indemnities relating to the acceleration of the Bonds, the enforcement of the Transaction Security or the Guarantees or the protection of the Holders' rights under the Finance Documents, *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), *thirdly* in or towards payment *pro rata* of any unpaid principal under the Bonds and *fourthly* in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents. Any excess funds shall be transferred to the Issuer or the Guarantors.

The Bonds are freely transferrable and trading can occur from their date of issuance. Holders may, however, be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Holder may be subject (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) for business). Each Holder must ensure compliance with local laws and regulations applicable at their own cost and expense. All Bond transfers are subject to the Terms and Conditions and the Terms and Conditions are automatically applicable in relation to all Bond transferees upon the completion of a transfer.

The Issuer intends to apply for listing of the Initial Bonds on Nasdaq Stockholm in connection with the Swedish Financial Supervisory Authority's approval of this Prospectus. The number of Initial Bonds being admitted to trading if the application is approved by Nasdaq Stockholm is 300 (however, Subsequent Bonds may be admitted to trading as a result of any Subsequent Bond Issue, as described below). The earliest date for admitting the Initial Bonds to trading on Nasdaq Stockholm is expected to be on or about 20 March 2019. The fact that an application regarding listing of the Initial Bonds on Nasdaq Stockholm has been submitted does not mean that the application will be approved. The total expenses of the admission to trading of the Initial Bonds are estimated to amount to EUR 15,000.

The Issuer may at one or more occasions after the First Issue Date issue Subsequent Bonds under the Terms and Conditions. For the avoidance of doubt, such Subsequent Bonds may be admitted to trading pursuant to this Prospectus within one (1) year after the approval of this Prospectus by the Swedish Financial Supervisory Authority.

The Terms and Conditions include certain undertakings for the Issuer to use its best efforts to ensure that the Bonds are listed on Nasdaq Stockholm or another Regulated Market. According to Clause 14.2 (*Listing of Bonds*) of the Terms and Conditions, the Issuer shall use its best efforts to ensure that the Initial Bonds are listed on a Regulated Market within twelve (12) months after the First Issue Date and that any Subsequent Bonds are listed on the relevant Regulated Market within sixty (60) Business Days from their relevant Issue Date. Failure to achieve such listing(s) will result in an Event of Default, which

could lead to an acceleration of the Bonds, resulting in the Issuer having to repay the Holders at the applicable Call Option Price together with accrued but unpaid Interest. Further, as described above, each Holder has a right of pre-payment (put option) of its Bonds at a price of one hundred and one (101.00) per cent. of the Nominal Amount together with accrued but unpaid Interest if the Initial Bonds have not been admitted to trading within twelve (12) calendar months from the First Issue Date.

## The Group and its operations

### Introduction

The Group is a global producer of fibreglass liners for the sewer rehabilitation industry and specialised within large- and mid-sized fibreglass liners. The Group's business is carried out in several jurisdictions through its operative companies.

#### *The Issuer*

CIPP Technology Solutions A/S is a limited liability company incorporated in Denmark with reg. no. 37 22 88 69, having its registered address at Avderødvej 27 C, DK-2980 Kokkedal, Denmark. The Issuer and the Group operate under the firm "Impreg". The Issuer was formed and registered with the Danish Registrar of Companies on 15 November 2015 and conducts its business in accordance with the laws of Denmark.

#### *The Guarantors*

As at the date of this Prospectus, the Issuer, CIPP Technology Holding ApS and Impreg GmbH (the "**Guarantors**") have provided guarantees pursuant to the Terms and Conditions, as further described under section "*Terms and Conditions for the Bonds*".

CIPP Technology Holding ApS is a limited liability company incorporated in Denmark with reg. no. 24 22 14 58, having its registered address at Gersonsvej 7, DK-2900 Hellerup, Denmark. The company was formed and registered with the Danish Registrar of Companies on 1 July 1999 and conducts its business in accordance with the laws of Denmark.

Impreg GmbH is a limited liability company incorporated in Germany with reg. no. HRB 245332, having its registered address at Eisenbahnstr. 32, DE-72119 Ammerbuch, Germany. The company was formed and registered with the commercial register at the local court (Amtsgericht) of Wetzlar on 21 May 1999 and conducts its business in accordance with the laws of Germany.

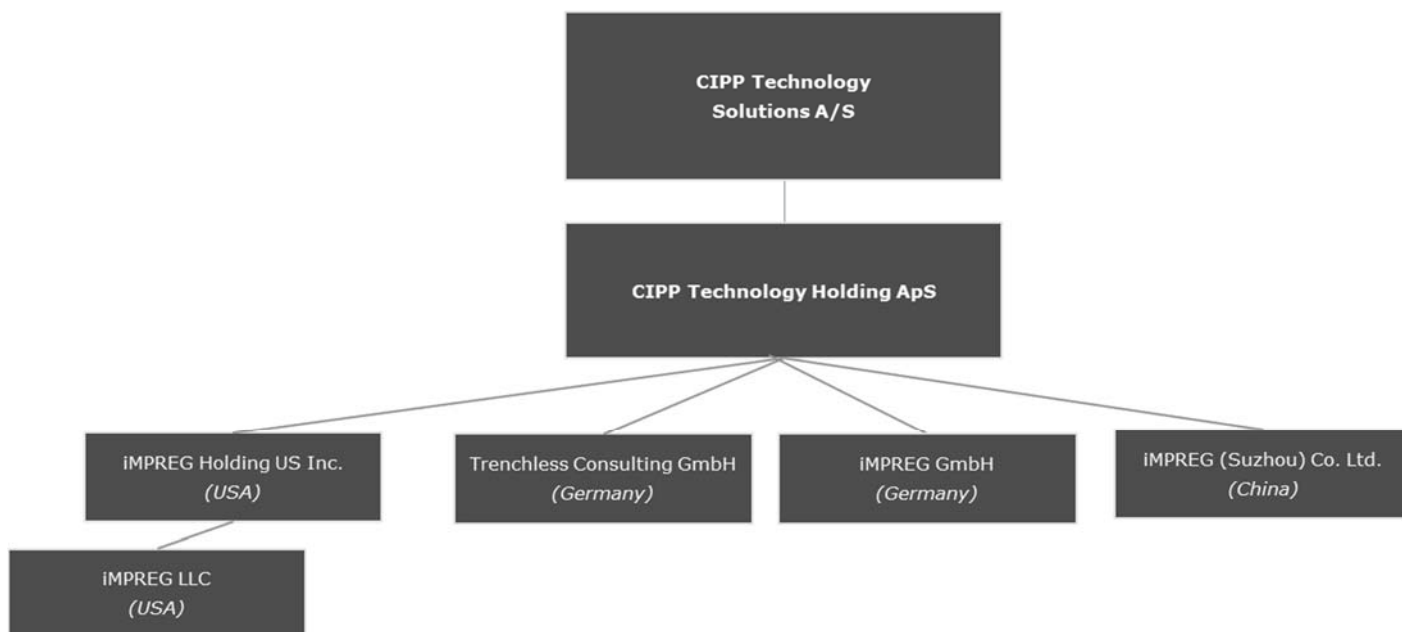
### Share capital, shares, ownership structure and governance

As of the date of this Prospectus, the Issuer's share capital amounted to DKK 1,201,922 divided among 1,201,922 shares with a nominal value of DKK 1 each, all of which are ordinary shares. The holders of ordinary shares are entitled to one (1) vote per share. The shares are denominated in DKK. As at the date of this Prospectus, the shareholders of the Issuer are Anpartsselskabet af 16. November 2015 with reg. no. 37228850 (BWB Partners) owning 73.65 per cent. of the shares and the votes, IBL Group ApS with reg. no. 21040940 owning 19.64 per cent. of the shares and the votes, Katres GmbH reg. no. HRB 726776 owning 4.91 per cent. of the shares and the votes, Søren Friis Knudsen with date of birth 1963-07-30 owning 0.75 per cent. of the shares and the votes, Nicolai Krøjer Westh with date of birth 1969-08-13 owning 0.75 per cent. of the shares and the votes and Petra Ellegaard Helfferich with date of birth 1969-04-19 owning 0.30 per cent. of the shares and the votes.

CIPP Technology Holding ApS was acquired by the Issuer in 2016. As a result of the acquisition, the Issuer became the new parent of the Group. As of the date of this Prospectus, CIPP Technology Holding ApS's share capital amounts to DKK 125,000 divided among 125 shares with a nominal value of DKK 1,000 each, all of which are ordinary shares. The holders of ordinary shares are entitled to one (1) vote per share. The shares are denominated in DKK. All shares in CIPP Technology Holding ApS are held directly by the Issuer.

Impreg GmbH was incorporated into the group in 2000. As of the date of this Prospectus, Impreg's share capital amounts to EUR 300,000. Impreg GmbH are wholly owned by CIPP Technology Holding ApS.

The Issuer is the parent company of the Group with the primary purpose of receiving and managing funds and dividends from the operating subsidiaries. The Issuer is the parent company of the Group, consisting of several operating companies set out in the group structure chart below.



All Guarantors (as set out in this Prospectus), as at the date of this Prospectus, are direct and wholly owned subsidiaries of the Issuer (excluding the Issuer itself) and all subsidiaries in the Group are wholly owned by the Issuer. The main business operations carried out by the Group are carried out by the subsidiaries. The business operations carried out by the Group and the Guarantors are described below.

Since the majority of the revenue of the Group is derived from the Issuer's operational subsidiaries, the Issuer is dependent upon its subsidiaries.

The shareholders' influence is exercised through active participation in the decisions made at general meetings of the Group. To ensure that the control over the Issuer is not abused, the Issuer complies with the Danish Companies Act. In addition, the Issuer acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the board of directors of the Issuer.

## **Business and operations**

### *History of the Group*

The business of the Group was originally started with the foundation of CIPP Technology Holding ApS (then named iMPREG Holding ApS) in 1999 by four investors who recognised the potential of trenchless sewer rehabilitation with pipe liner technology. Due to new technologies and market trends, the Group adopted the UV curing method and was able to grow further and acquire new customers and after a period of strong growth, the Group increased the production capacity by moving to a new larger

facility in Ammerbuch, Germany, in 2006. In 2009 the Group set up an international sales company in Denmark in order to further meet the international demand for the Group's products. In 2016, the Group was sold to BWB Partners, an independent owner-led Danish investment firm investing in small and medium-size companies. The Issuer was established in connection with BWB acquiring the Group. The Group started investing in local production facilities in China and U.S. in 2017 and in 2018.

#### *Operations and market segments*

The Group is a global provider and producer of fibreglass liners for the sewer rehabilitation industry and specialised within large- and mid-sized fibreglass liners. The Group is active in the core European market and in the fast growing Americas and APAC markets. With new production facilities in China and on its way in the US, the Group has laid a foundation for continued growth by establishing a local presence in the key growth regions.

Europe, the largest market globally and the Group's core market, is characterised by growing underlying demand, high customer loyalty and has seen stabilising prices over the past 12-15 months, following a period of decline. The Group has recently invested in the two largest growth regions for fibreglass liners, namely the Americas and APAC. The market for sewage rehabilitation in China is still in its infancy but is expected to see strong growth due to the poor quality of the sewage network. The large U.S. market holds significant growth potential stemming from a similar technological shift to fibreglass liners, as seen in Europe, due to the U.S. market still primarily relying on the first generation of liner technology (felt).

#### *Business of the Group*

The Group's range of products includes:

- **The iMPREG Liner:** The IMPREG Liner is used to form a joint-less, pipe-within-a-pipe made from fibre glass materials impregnated with resin. The technology used is known as cured-in-place-pipe ("CIPP"), which is a trenchless method used in rehabilitation of pipelines without intrusive digging. The liner is cured using UV light to form a corrosion-resistant replacement pipe.
- **Glide Foil:** Before inserting the iMPREG Liner into the old pipe, the glide foil is initially moved into the base. The glide foil fulfils several important tasks during the liner installation. Obstructions to the work to be carried out are removed using robot technology. The glide foil that is moved into the base of the old pipe prevents damage and is indispensable for ensuring quality.
- **Safety Caps:** Safety caps protect the iMPREG Liner from overexpansion in the manhole area and in the area of intermediate manholes. The safety caps consist of a hard-wearing, tear-proof cotton material and are specially designed for use when installing the iMPREG Liner.

#### **Litigation**

Neither the Guarantors nor the Issuer have, during the previous twelve (12) months, been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened as far as the Group is aware) which may have, or have had in the recent past, significant effects on the Guarantor's, the Issuer's and/or the Group's financial position or profitability.

## Material agreements

Other than the Terms and Conditions of the Bonds and apart from what is stated below, neither the Issuer nor any of the Guarantors are parties to any material agreement outside the ordinary course of business which could result in such company having a right or an obligation that could materially affect the Issuer's ability to fulfil its obligations under the Bonds or the Guarantor's ability to fulfil its obligations under the Guarantee. The following is a summary of the material agreements to which the Issuer or the Guarantors are a party and considered as outside the ordinary course of business. The following summary does not purport to describe all of the applicable terms and conditions of such arrangements.

### *Transaction security and guarantees*

In connection with the issuance of the Bonds, transaction security documents and guarantees was provided in favour of the secured parties, who share the same security package, under an intercreditor agreement.

The transaction security documents, consisting of share pledges in the Issuer, CIPP Technology Holding ApS and Impreg GmbH, has been entered into in accordance with the Transaction Security (as defined in the Terms and Conditions for the Bonds) and are governed by local law in the relevant jurisdictions.

According to the terms of the Guarantee Agreement, the Guarantors have unconditionally and irrevocably, jointly and severally (Sw. *solidariskt*) guaranteed as principal obligor (Sw. *proprieborgen*) to the secured parties as for its own debts (Sw. *såsom för egen skuld*) the full and punctual payment by the Issuer of the secured obligations. The obligations and liabilities of the Guarantee issued by the Guarantors under the Guarantee Agreement shall be limited if required (but only if and to the extent required) under the laws of Sweden and the laws applicable in the jurisdictions in which the Guarantors are incorporated.

### *Intercreditor Agreement*

In connection with the issuance of Bonds, an intercreditor agreement was entered into between the Issuer, Sydbank A/S as Original Super Senior WCF Creditor, Super Senior Term Loan Creditor and Original Hedge Counterparty, Nordic Trustee & Agency AB (publ) as Original Bonds Agent and Original Security Agent and the Guarantors as Original ICA Group Companies (the "**Intercreditor Agreement**").

According to the terms of the Intercreditor Agreement, the relevant debt shall rank in right and priority of payment in the following order: *first*, the Super Senior Debt (*pari passu* between all indebtedness under the Super Senior Documents and the Hedging Obligations) and *pari passu* with the Senior Debt (which includes the Bonds) (*pari passu* between all indebtedness under the Bonds and any New Debt); *secondly*, any liabilities raised in the form of Intercompany Debt and *thirdly*, any liabilities raised in the form of Shareholder Debt.

Furthermore, according to the terms of the Intercreditor Agreement, the proceeds of any enforcement action shall be paid to the Security Agent for application in the following order of priority: *firstly*, in or towards payment pro rata of unpaid fees, costs, expenses and indemnities payable by any Group Company to the Security Agent, *secondly*, in or towards payment pro rata of unpaid fees, costs, expenses and indemnities payable by any Group Company to the Issuing Agent, the Super Senior Agent, the Bonds Agent and any New Debt Agent, *thirdly*, towards payment pro rata of accrued interest unpaid under the Super Senior Documents, *fourthly*, towards payment pro rata of principal under the Super

Senior Debt 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, *fifthly*, towards payment pro rata of accrued interest unpaid under the Senior Debt (which includes the Bonds) (interest due on an earlier Interest Payment Date to be paid before any interest due on a later Interest Payment Date), *sixthly*, towards payment pro rata of principal under the Senior Debt, *seventhly*, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Terms and Conditions and any other Senior Debt documents, *eighthly*, after the Final Discharge Date, towards payment pro rata of accrued interest unpaid and principal under the Intercompany Debt, *ninthly*, after the Final Discharge Date, towards payment pro rata of accrued interest unpaid and principal under the Shareholder Debt and *tenthly*, after the Final Discharge Date, in payment of the surplus (if any) to the relevant ICA Group Company or other person entitled to it. Consequently, in connection with any enforcement action the Holders are subordinated in right and priority of payment.

The Intercreditor Agreement further contains customary provisions regarding, inter alia, the role of the security agent, hedging, shareholder debt and intercompany debt, payment restrictions and permitted payments, enforcement, payment block, application of recoveries and sharing among the finance parties.

#### **Credit rating**

Neither the Issuer nor the Guarantor or the Bonds have a credit rating from an international credit rating institute.

#### **Significant adverse changes and recent events**

The last audited financial report was the annual report 2017/2018 for the Issuer and the Group. There has been no material adverse change in the prospects of the Issuer or the Guarantors since the date of publication of its last audited financial reports and, no significant change in the financial or market position of the Group since the end of the last financial period for which audited or interim financial information has been published.

#### **Shareholders' agreements**

As far as the Issuer and the Guarantors are aware, there are no shareholders' agreements or other agreements which could result in a change of control of the Issuer or the Guarantor.



## **Board of directors, senior management and auditors**

Information on the members of the board of directors and the senior management for the Issuer and the Guarantors, including significant assignments outside the Group, is set forth below and represents the situation as per the date of this Prospectus. Certain Guarantors are managed as a subsidiary of the Issuer and hence, such subsidiaries' management is carried out by the Issuer's senior management as indicated further below.

The business address and contact address for all members of the board of directors and the senior management of the Issuer and the Guarantors is Avderødvej 27 C, DK-2980 Kokkedal, Denmark.

### **Board of directors**

#### *Issuer*

#### *Søren Friis Knudsen*

Born in 1963 and of Danish nationality. Member and chairman of the board of directors of the Issuer since 2017. Current assignments outside the Group include: chairman of JB Partners ApS, deputy chairman of Jupiter Bach A/S, board member of Aluwind A/S and GML-HR A/S and managing director of Windwin ApS. As of the date of this Prospectus, Søren Friis Knudsen owns 9,014 shares in the Issuer through a wholly owned company Windwin ApS.

#### *Ivan Bjerg-Larsen*

Born in 1944 and of Danish nationality. Member of the board of directors of the Issuer since 2016. Current assignments outside the Group include: chairman of IBL Group ApS, I.B-L Holding A/S, Holger Hansen Sko ApS, Wallin A/S, I.B-L HANDEL ApS, Ortopædiskomageriet ApS, Zupplier of Scandinavia A/S, Newco 2013 ApS, House of Accessories A/S, Fibrenetix ApS, Vintage Cloud A/S, Photodoc Holding ApS, OV 114 ApS, Camp Leasing ApS, Nupo ApS, Fibrenetix Finance ApS, Orto Holding ApS and Skovlunde Bymidte P/S, board member of Source A/S, CIPP Technology Holding ApS, Stema Holding A/S, Investeringsselskabet 2007 ApS, Is & Co. Holding A/S and Business Angels Fond - London I A/S and managing director in I.B-L Handel ApS, Investeringsselskabet 2007 ApS, Svaneke Is Rødovre ApS, Svaneke Is Bornholm ApS, Svaneke Is Fields ApS and Is & Co. Holding A/S. As of the date of this Prospectus, Ivan Bjerg-Larsen are a shareholder in IBL Group ApS, owning 20 per cent. of the shares in the Issuer, and therefore is not independent in relation to the Issuer's major shareholders.

#### *Petra Margareta Ellegaard Helfferich*

Born in 1969 and of German nationality. Member of the board of directors of the Issuer since 2016. Current assignments outside the Group include: board member of API Maintenance Systems A/S, API Maintenance Holding ApS and CIPP Technology Holding ApS. As of the date of this Prospectus, Petra Margareta Ellegaard Helfferich holds 3,606 shares in the Issuer.

#### *Jacob Østergaard Bergenholtz*

Born in 1971 and of Danish nationality. Member of the board of directors of the Issuer since 2015. Current assignments outside the Group include: chairman of ODIN Equity Partners Management II K/S and 14. oktober 2013 A/S, deputy chairman of CIPP Technology Holding ApS, 28. Juni 2012 II A/S, Hydratech Industries Holding A/S and SH Group A/S, board member of Jack-Up Holding A/S, Stema Holding A/S, BWB Partners P/S, Moep A/S, System Frugt A/S and BWBP Fonden and managing director in CIPP Technology Solutions A/S, BWB Partners P/S, Anpartsselskabet af 16. november 2015

and BWB Partners GP ApS. As of the date of this Prospectus, Jacob Østergaard Bergenholtz is an indirect shareholder in Anpartsselskabet af 16. november 2015, owning 75 per cent. of the shares in the Issuer, and therefore is not independent in relation to the Issuer's major shareholders.

*Jesper Wadum Nielsen*

Born in 1966 and of Danish nationality. Member and deputy chairman of the board of directors of the Issuer since 2018. Current assignments outside the Group include: chairman of EMKA Holding ApS, Transmedica Holding 2007 A/S and BWB Partners P/S, deputy chairman of Holmris B8 A/S, Holmris Holding A/S and JB Partners ApS, board member of Moep A/S, SSG A/S, ODIN Equity Partners Management II K/S, Transmedica A/S, CIPP Technology Holding ApS, Jupiter Bach A/S, Stema Holdin A/S, SSG Partners A/S, SSG Group A/S and 14. oktober 2013 A/S and managing director of Stema Holding A/S. As of the date of this Prospectus, Jesper Wadum Nielsen is an indirect shareholder in Anpartsselskabet af 16. november 2015, owning 75 per cent. of the shares in the Issuer, and therefore is not independent in relation to the Issuer's major shareholders.

*CIPP Technology Holding ApS (Guarantor)*

*Søren Friis Knudsen*

Born in 1963 and of Danish nationality. Member and chairman of the board of directors of the Guarantor since 2017. For further information, please be referred to Section "Board of directors - Issuer".

*Ivan Bjerg-Larsen*

Born in 1944 and of Danish nationality. Member of the board of directors of CIPP Technology Holding ApS since 2014. For further information, please be referred to Section "Board of directors - Issuer".

*Petra Margareta Ellegaard Helfferich*

Born in 1969 and of German nationality. Member of the board of directors of CIPP Technology Holding ApS since 2016. For further information, please be referred to Section "Board of directors - Issuer".

*Jacob Østergaard Bergenholtz*

Born in 1971 and of Danish nationality. Member of the board of directors of CIPP Technology Holding ApS since 2016. For further information, please be referred to Section "Board of directors - Issuer".

*Jesper Wadum Nielsen*

Born in 1966 and of Danish nationality. Member and deputy chairman of the board of directors of CIPP Technology Holding ApS since 2016. For further information, please be referred to Section "Board of directors - Issuer".

*Impreg GmbH (Guarantor)*

Impreg GmbH does not have a board of directors in accordance with German company law.

**Senior management**

*Issuer*

*Søren Friis Knudsen*

Søren Friis Knudsen is the acting CEO of the Group since 2017. For further information, please be referred to Section “Board of directors - Issuer”.

*Robert Papp*

Born in 1962 and of German nationality. Robert Papp is the acting COO of the Group since 2016. As of the date of this Prospectus, Robert Papp owns 59,014 shares in the Issuer through a wholly owned company Katres GmbH, and therefore is not independent in relation to the Issuer’s major shareholders.

*Nicolai Krøjer Westh*

Born in 1969 and of Danish nationality. Nicolai Krøjer Westh is the acting CFO of the Group since 2018. As of the date of this Prospectus, Nicolai Krøjer Westh holds 9,014 shares and 23,664 warrants in the Issuer through a wholly owned company NKW Holding ApS.

*CIPP Technology Holding ApS and Impreg GmbH (Guarantor)*

The Guarantors are managed as subsidiaries of the Issuer and management is carried out by the Issuer’s senior management (see further Section “Board of directors – Issuer” above).

**Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab is the Group’s auditor for the consolidated annual report for the financial years 2016/17 and 2017/18, with Jacob Nørmark as auditor in charge. Jacob Nørmark is a State authorized Public Accountant, Identification number (MNE) mne30176.

All historical financial information that has been incorporated in this Prospectus by reference, *i.e.*, the historical financial information concerning the financial years 2016/17 and 2017/18, have been audited by Deloitte Statsautoriseret Revisionspartnerselskab, having its business address at City Tower, Værkmestergade 2, 8000 Aarhus C, Denmark.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Issuer’s auditor.

**Conflicts of interests**

Apart from what has been stated above regarding ownership of shares and/or warrants by the board of directors and senior management, none of the members of the board of directors or the senior management of the Issuer or the Guarantors has a private interest that potentially may be in conflict with the interests of the Group.

Although there are currently no other conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the board of directors or the senior management have duties, as described above, and the Group.

**Interest of natural and legal persons involved in the Bond Issue**

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

**Financial interests**

Several members of the board of directors and all members of the senior management have financial interests in the Group through their direct and/or indirect holdings of shares in the Issuer.

## Overview of financial reporting and documents incorporated by reference

### Exemptions from disclosure requirements

In the decision FI Dnr 19-2438 of the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (“SFSA”) made on 7 February 2019, the SFSA has granted an exemption from certain disclosure requirements in accordance with Chapter 2 Section 19 of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*). According to the decision, the Issuer is not required to disclose separate financial information regarding the Guarantors as otherwise required pursuant to Section 3 in Appendix VI and Section 11.1 in Appendix IX, of the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, as amended. With regards hereto, this Prospectus does not incorporate audited financial information for the past two financial years for each of the Guarantors. The exemption has been granted based on that the consolidated financial statements relating to the Issuer are sufficient in order for a potential investor to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the Issuer and the Guarantors. This is, among other things, due to that the Guarantors’ operations are similar in nature in comparison with one another, whereby separate financial statements for each Guarantor are not necessary in order to determine the financial position and future prospects for the Guarantors. Hence, the consolidated financial statements, as incorporated by reference in this Prospectus, are sufficient for such assessments by potential investors.

### Financial reporting and documents incorporated by reference

The accounting principles applied in the preparation of the Issuer’s consolidated financial statements and the Guarantor’s financial statements presented below are set out in the following and have been consistently applied to all the years presented, unless otherwise stated. The financial information of the Issuer and the Group for the financial years ending 30 April 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and the requirements of the Danish Financial Statements Act. The financial information of the Issuer and the Group for the financial years ending 30 April 2017 have been restated in accordance with the Danish Financial Statements Act.

The Issuer’s consolidated annual reports for the financial years ended 30 April 2018 and 30 April 2017 have been incorporated in this Prospectus by reference. The consolidated annual reports have been audited by the Issuer’s auditor and the auditor’s report has been incorporated in this Prospectus through the consolidated annual reports for the financial years ended 30 April 2018 and 30 April 2017 by reference.

In this Prospectus the following documents are incorporated by reference. The documents have been handed in to the Swedish Financial Supervisory Authority and the documents regarding the Issuer have been made public.

Reference	Document	Page
Financial information regarding the Group and its business, as well as the auditor’s report, for	The Issuer’s consolidated annual report for the financial year ended 30 April 2018	- 9 (Consolidated income statement)
		- 10 (Consolidated cash flow statement)
		- 11 (Consolidated balance sheet)

the financial year ended 30 April 2018		<ul style="list-style-type: none"> <li>- 13 (Consolidated statement of shareholders' equity)</li> <li>- 32 (Parent income statement)</li> <li>- 33 (Parent cash flow statement)</li> <li>- 34 (Parent balance sheet)</li> <li>- 36 (Parent statement of shareholders' equity)</li> <li>- 14–31 (Notes to consolidated financial statements)</li> <li>- 37-43 (Notes to parent financial statements)</li> <li>- 3–5 (Independent auditor's report)</li> </ul>
Financial information regarding the Group and its business, as well as the auditor's report, for the financial year ended 30 April 2017	The Issuer's consolidated annual report for the financial year ended 30 April 2017	<ul style="list-style-type: none"> <li>- 8 (Consolidated income statement)</li> <li>- 12 (Consolidated cash flow statement)</li> <li>- 9 (Consolidated balance sheet)</li> <li>- 11 (Consolidated statement of shareholders' equity)</li> <li>- 16 (Parent income statement)</li> <li>- 17 (Parent balance sheet)</li> <li>- 19 (Parent statement of changes in equity)</li> <li>- 13–15 (Notes to consolidated financial statements)</li> <li>- 20-21 (Notes to parent financial statements)</li> <li>- 3–5 (Independent auditor's report)</li> </ul>

The Issuer's consolidated annual reports mentioned above are available in electronic form on the Issuer's web page [www.cipptechnologysolutions.com](http://www.cipptechnologysolutions.com) and can also be obtained from the Issuer in paper format in accordance with section "*Documents available for inspection*" below.

Investors should read all information which is incorporated in the Prospectus by reference. Information in the above documents which is not incorporated by reference is either deemed by the Issuer not to be relevant for investors in the Bonds or is covered elsewhere in the Prospectus.

### **Change of accounting principles**

The 2016/2017 annual report was prepared in accordance with the requirements of the Danish Financial Statements Act. The Group has since then changed its accounting principles to IFRS and the 2017/2018 annual report has therefore been prepared in accordance with IFRS. The transition has taken place in accordance with IFRS 1 First-time Adoption of IFRS ("**IFRS 1**"). The main rule in IFRS 1 requires the entity to apply all IFRS standards retrospectively when determining the opening IFRS balance sheet and the comparison years have therefore been fully converted to IFRS. However, certain exemptions from the retrospective application are permitted, while some exemptions from retrospective application is mandatory. No mandatory exception applied to the Group and the Group has chosen not to apply any of the permitted exemptions. Explanations of how the transition to IFRS has affected the Group's

financial position and financial results are shown in 2017/2018 annual report; for comparability between the Issuer's financial periods, please review the relevant financial information set out in the 2017/2018 annual report with the corresponding financial information for the 2016/2017 annual report.

**Documents available for inspection**

Copies of the following documents can be obtained from the Issuer in paper format upon request during the validity period of this Prospectus at the Issuer's head office.

- The memorandum of association and articles of association of the Issuer and the Guarantors.
- All documents which by reference are a part of this Prospectus.
- Where such reports have been prepared, the Issuer's subsidiaries' audited annual reports for the financial years 2016/2017 and 2017/2018 (*i.e.* for the period for which financial information of the Issuer and the Guarantor is being presented).



**Terms and Conditions for the Bonds**

**TERMS AND CONDITIONS FOR  
CIPP TECHNOLOGY SOLUTIONS A/S  
MAXIMUM EUR 50,000,000  
SENIOR SECURED CALLABLE FLOATING RATE  
BONDS 2018/2021**

ISIN: SE0010921999

Issue Date: 4 April 2018

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*The distribution of this document and the private placement of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.*

*The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.*

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**TERMS AND CONDITIONS FOR  
CIPP TECHNOLOGY SOLUTIONS A/S  
MAXIMUM EUR 50,000,000  
SENIOR SECURED CALLABLE FLOATING RATE  
BONDS 2018/2021  
ISIN: SE0010921999**

**1. DEFINITIONS AND CONSTRUCTION**

**1.1 Definitions**

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

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

“**Accounting Principles**” means:

- (a) prior to listing of the Bonds on a Regulated Market, generally acceptable accounting principles, standards and practices in Denmark (GAAP), including IFRS; and
- (b) from and including the listing of the Bonds on a Regulated Market, IFRS.

“**Acquisition Incurrence Test**” shall have the meaning set out in Clause 13.3 (*Acquisition Incurrence Test*).

“**Adjusted Nominal Amount**” means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time less the Nominal Amount of all Bonds owned by the Issuer, a Group Company or an Affiliate of the Issuer or a Group Company, irrespective of whether such Person is directly registered as owner of such Bonds.

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

“**Bond**” means debt instruments (*Sw. skuldförbindelser*), each for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act, issued by the Issuer under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

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

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

“**Calculation Principles**” has the meaning set forth in Clause 13.4 (*Calculation of the Debt Incurrence Test and the Acquisition Incurrence Test*).

“**Call Option Amount**” means:

- (a) 104.00 per cent. of the Outstanding Nominal Amount if the call option is exercised on or after the First Call Date up to (but not including) the date falling twenty four (24) months after the First Issue Date;
- (b) 102.80 per cent. of the Outstanding Nominal Amount if the call option is exercised on the date falling twenty four (24) months after the First Issue Date up to (but not including) the date falling thirty (30) months after the First Issue Date;
- (c) 101.60 per cent. of the Outstanding Nominal Amount if the call option is exercised on the date falling thirty (30) months after the First Issue Date up to (but not including) the date falling thirty three (33) months after the First Issue Date;
- (d) 100.00 per cent. of the Outstanding Nominal Amount if the call option is exercised on the date falling thirty three (33) months after the First Issue Date up to (but not including) the Final Redemption Date.

“**Cash and Cash Equivalents**” means cash and cash equivalents of the Group from time to time in accordance with the applicable Accounting Principles.

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

“**Change of Control Event**” means the occurrence of an event or series of events whereby one or more Persons (other the Majority Shareholders or their Affiliates), acting together, acquire control over the Issuer and where “control” means (a) acquiring or controlling, directly or indirectly, more than fifty (50.00) 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.

“**CIPP Technology Holding**” means CIPP Technology Holding ApS, a limited liability company incorporated in Denmark with reg. no. 24 22 14 58.

“**Compliance Certificate**” means a certificate, in the agreed form between the Trustee and the Issuer, signed by the Issuer certifying satisfaction of the relevant Incurrence Test and that, so far as it is aware, no Event of Default is continuing or would occur upon the relevant incurrence. The certificate shall include calculations and figures in respect of the relevant Incurrence Test.

“**Conditions Precedent**” means all actions and documents set forth in Clause 5.1 (*Conditions Precedent for the Initial Bonds*).

“**Conditions Subsequent**” means all actions and documents set forth in Clause 5.2 (*Conditions Subsequent*).

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

“**Danish Floating Charge**” means a floating charge (Dk. *virksomhedspant*) in respect of receivable claims of CIPP Technology Holding in the nominal amount of DKK 8,000,000.

“**Debt Incurrence Test**” shall have the meaning set forth in Clause 13.2 (*Debt Incurrence Test*).

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

- (a) *before deducting* any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) *before deducting* any Net Finance Charges;
- (c) *minus* the interest expenses in respect of any lease or hire purchase contract which would, in accordance with the accounting principles applicable on the First Issue Date, have been treated as an operating lease but has subsequently been reclassified as a balance sheet liability (including any lease contract in relation to any enterprise resource planning (ERP) system, if applicable);
- (d) *before taking into account* any extraordinary items which are not in line with the ordinary course of business, and non-recurring items, provided that such items are not in excess of an amount equal to fifteen (15.00) per cent. of EBITDA in the Reference Period;
- (e) *before taking into account* any Transaction Costs and any transaction costs relating to any acquisition of any additional target company;
- (f) *not including* any accrued interest owing to any Group Company;
- (g) *before taking into account* any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (h) *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;
- (i) *after deducting* the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;
- (j) *plus or minus*, as the case may be, the Group’s share of the profits or losses of entities which are not part of the Group;
- (k) *plus* any cash received in respect of any business interruption insurance; and

- (l) *after adding back* any amount attributable to the amortisation, depreciation or depletion of assets of Group Companies.

**“Equity Injection”** means:

- (a) the contribution of unconditional equity by any person (other than a Group Company);
- (b) the issue of shares in the Issuer in order to finance an acquisition, provided that such shares forms part of the Transaction Security in respect of the Issuer and such Transaction Security is perfected in immediate connection with their issuance; or
- (c) Shareholder Loans.

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

**“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 EUR and for a period comparable to the relevant Interest Period; or
- (b) if no such rate as set out in paragraph (a) above is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four decimal places) which results from interpolating on a linear basis between (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period and (ii) the applicable screen rate for the shortest period (for which that screen rate is available) which exceeds that Interest Period, as of or around 11 a.m. on the Quotation Day; or
- (c) if no rate is available for the relevant Interest Period pursuant to paragraph (a) and/or (b) above, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of EUR 10,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to paragraph (c) above, the Interest Rate which according to the reasonable assessment of the Issuing Agent best reflects the Interest Rate for deposits in EUR offered for the relevant period; and

if any such rate is below zero (0), EURIBOR will be deemed to be zero (0).

**“Existing Debt”** means the existing external debt in an amount equivalent to approximately EUR 26,400,000 as per December 2017 (excluding, for the avoidance of doubt, the Sydbank Loan) provided by the Existing Lenders, to be fully repaid with Net Proceeds.

**“Existing Lenders”** means Pensam Liv Forsikringsaktieselskab and Sydbank A/S.

**“Event of Default”** means an event or circumstance specified in Clause 15.1.

**“Final Redemption Date”** means 4 April 2021.

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

**“Finance Documents”** means the Terms and Conditions, the Trustee Agreement, the Security Documents, the Guarantee Agreement, the Intercreditor Agreement and any other document designated to be a Finance Document by the Issuer and the Trustee.

**“Finance Lease”** means any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the Accounting Principles applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability).

**“Financial Indebtedness”** means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) any Finance Lease, excluding any lease in relation to any enterprise resource planning (ERP) system;
- (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) the amount of any liability in respect of any guarantee or other assurance against financial loss in respect of a type referred to in paragraphs (a) to (f) above.

**“Financial Report”** means the Group’s annual audited consolidated financial statements, half-year and quarterly interim unaudited reports, which shall be prepared and made available according to paragraphs (a) and (b) of Clause 14.10.1.

“**First Call Date**” means the date falling twenty-one (21) months after the First Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

“**First Issue Date**” means 4 April 2018.

“**Floating Rate Margin**” means 8.00 per cent. *per annum*.

“**Force Majeure Event**” has the meaning set forth in Clause 27.1.

“**German Share Pledge**” means a share pledge agreement in respect of all shares in Impreg GmbH.

“**Group**” means the Issuer and all Subsidiaries from time to time and “**Group Company**” means the Issuer or any of the Subsidiaries.

“**Guarantee**” means the guarantees provided by the Guarantors pursuant to the Guarantee Agreement.

“**Guarantee Agreement**” means the guarantee agreement entered into or to be entered into between the Issuer, each Guarantor and the Security Agent pursuant to which the Secured Obligations will be guaranteed by the Guarantors (which shall contain customary guarantee limitation and parallel debt language).

“**Guarantor**” means:

- (a) on or about the Issue Date each of the Issuer, CIPP Technology Holding and Impreg GmbH; and
- (b) thereafter, any other Group Company which is directly or indirectly wholly-owned by the Issuer and becomes a Guarantor in accordance with Clause 6.2 (*Guarantees*).

“**Hedge Counterparty**” has the meaning ascribed to that term in the Intercreditor Agreement.

“**Hedging Obligations**” has the meaning ascribed to that term in the Intercreditor Agreement.

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

“**Holders’ Meeting**” means a meeting among the Holders held in accordance with Clause 18 (*Holders’ Meeting*).

“**IFRS**” means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“**Impreg GmbH**” means Impreg GmbH, a German limited liability company registered with the commercial register at the local court (Amtsgericht) of Stuttgart under HRB 245332.

“**Incurrence Test**” means the Debt Incurrence Test or the Acquisition Incurrence Test, as determined by Clause 13.1 (*Application of the Debt Incurrence Test and the Acquisition Incurrence Test*).

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

“**Initial Bond Issue**” has the meaning set forth in Clause 2.1.

“**Intercreditor Agreement**” means the intercreditor agreement which may be entered into if required by the Issuer, substantially based on the terms set out in the intercreditor term sheet attached as Schedule 1 (*Intercreditor Term Sheet*) hereto, on or after the First Issue Date, between, amongst others the Issuer, the Working Capital Facility Provider, Sydbank A/S as creditor under the Sydbank Loan, any Hedge Counterparty, any creditor under Shareholder Loans, the Trustee as Security Agent and agent under the Terms and Conditions of the Bonds.

“**Interest**” means the interest on the Bonds calculated in accordance with Clauses 11.1 to 11.3.

“**Interest Payment Date**” means 4 January, 4 April, 4 July and 4 October each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 4 July 2018 and the last Interest Payment Date being the Final Redemption Date).

“**Interest Period**” means each period beginning on (but excluding) the First Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of Subsequent Bonds, each period beginning on (but excluding) the Interest Payment Date falling immediately prior to their issuance and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means EURIBOR (3 months) plus the Floating Rate Margin.

“**Issue Date**” means the First Issue Date and any subsequent date when issuance of Subsequent Bonds take place.

“**Issuer**” means CIPP Technology Solutions A/S, a limited liability company incorporated in Denmark with reg. no. 37 22 88 69.

“**Issuing Agent**” means Pareto Securities AB (reg. no. 556206-8956, P.O. Box 7415, SE-103 91 Stockholm, Sweden) or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

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

“**Listing Failure**” means a situation where the Initial Bonds are not listed and admitted to trading on a Regulated Market within twelve (12) months of the First Issue Date.

“**Majority Shareholder**” means each of (i) BWB Partners I K/S and (ii) any other funds launched as a BWB Partners K/S investment vehicle from time to time.

“**Make Whole Amount**” means

- (a) 104.00 per cent. of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and
- (b) the remaining interest payments (excluding accrued but unpaid interest up to the relevant Redemption Date) up to and including the First Call Date (assuming that the Interest Rate for the period from the relevant record date to the First Call Date



will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the bondholders),

together with accrued but unpaid interest on the redeemed amount up to the relevant Redemption Date and where “relevant record date” shall mean a date agreed upon between the Trustee, the CSD and the Issuer in connection with such repayment.

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

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the business, financial condition or operations of the Group taken as a whole;
- (b) the Group’s ability to perform and comply with the Finance Documents; or
- (c) the validity or enforceability of the Finance Documents.

“**Material Group Company**” means:

- (a) the Issuer; and
- (b) any other Group Company with earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) representing ten (10.00) per cent. or more of EBITDA, or which has assets representing ten (10.00) per cent. or more of total assets of the Group, in each case calculated on a consolidated basis according to the latest Financial Report.

“**Net Finance Charges**” means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to any Group Company and any interest income relating to Cash and Cash Equivalents.

“**Net Interest Bearing Debt**” means the aggregate interest bearing debt (for the avoidance of doubt, excluding guarantees, counter indemnities in respect of bank guarantees, Shareholder Loans and interest bearing debt borrowed from any Group Company) less Cash and Cash Equivalents, provided that any leases shall only be accounted for to the extent the arrangement is or would have been treated as a balance sheet liability in accordance with the accounting principles applicable on the First Issue Date (including any lease contract in relation to any enterprise resource planning (ERP) system, if applicable).

“**Net Proceeds**” means the proceeds from the Initial Bond Issue or any Subsequent Bond Issue after deduction has been made for the Transaction Costs payable by the Issuer to the Sole Bookrunner (if the Sole Bookrunner has requested that its fees and costs shall be deducted) and the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds.

“**Nominal Amount**” has the meaning set forth in Clause 2.1.

“**Outstanding Nominal Amount**” means the Nominal Amount less the amount of any repayments and amortisations made.

“**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.

“**Permitted Debt**” means any Financial Indebtedness:

- (a) incurred under the Bonds (except for any Subsequent Bond Issue);
- (b) incurred under the Vendor Loan Note;
- (c) incurred under the Sydbank Loan;
- (d) arising under a foreign exchange transaction or a commodity transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions and/or the Working Capital Facility, but not any transaction for investment or speculative purposes;
- (e) arising under any interest rate hedging transactions in respect of payments to be made under the Terms and Conditions and/or the Working Capital Facility, but not any transaction for investment or speculative purposes;
- (f) incurred under Advance Purchase Agreements;
- (g) incurred under any Shareholder Loans;
- (h) incurred by the Issuer if such Financial Indebtedness:
  - (i) is incurred as a result of a Subsequent Bond Issue and meets the relevant Incurrence Test on a *pro forma* basis; or
  - (ii) ranks *pari passu* or is subordinated to the obligations of the Issuer under the Finance Documents, and:
    - (A) meets the relevant Incurrence Test on a *pro forma* basis; and
    - (B) has a final maturity date or a final redemption date; and when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date;
- (i) incurred by any Group Company under any Working Capital Facility;
- (j) taken up from a Group Company;
- (k) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD), for the purpose of securing, *inter alia*, the redemption of the Bonds.
- (l) in respect of any pension debt of the Group;
- (m) until and including the First Issue Date, incurred under the Existing Debt;

- (n) arising under any guarantee entered into by a Group Company in the ordinary course of business; and
- (o) any other Financial Indebtedness not otherwise permitted by paragraphs (a) to (n) above incurred by the Issuer not in aggregate exceeding EUR 250,000.

“**Permitted Security**” means any security:

- (a) provided under the Finance Documents;
- (b) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (c) provided in relation to any lease agreement entered into by a Group Company;
- (d) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements; and
- (e) provided as security for obligations pursuant to any of paragraphs (c), (d), (e), (h), (i), (m) or (o) of the definition of Permitted Debt.

“**Quotation Day**” means, in relation to (i) an Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or in respect of the first Interest Period, two (2) Business Days before the First Issue Date), or (ii) any other 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<sup>th</sup>) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Holders is to be made under Clause 16 (*Distribution of proceeds*), (iv) the date of a Holders’ 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 12 (*Redemption and repurchase of the Bonds*).

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

“**Regulated Market**” means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments) located in the Nordic countries.

“**Secured Obligations**” means all present and future obligations and liabilities of the Issuer and/or the Group to the Secured Parties under the Finance Documents, (if the Working Capital Facility Provider has entered into the Intercreditor Agreement) the Working Capital Facility Provider and the Trustee, together with all costs, charges and expenses incurred by any Secured Parties in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents, or any other document evidencing such liabilities.

“**Secured Parties**” has the meaning ascribed to that term in the Intercreditor Agreement.

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Central Securities Depositories and 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 Nordic Trustee & Agency AB (publ), holding the Transaction Security on behalf of the Secured Parties.

“**Security Documents**” means:

- (a) a share pledge agreement in respect of all present and future shares in the Issuer, subject to a pre-agreed release of up to five (5) per cent. of the share capital of the Issuer to facilitate a management incentive program;
- (b) the German Share Pledge;
- (c) a share pledge agreement in respect of all shares in the CIPP Technology Holding;
- (d) an assignment agreement (*Globalzession*) in respect of receivable claims of Impreg GmbH;
- (e) a pledge agreement in respect of the Danish Floating Charge;
- (f) a pledge agreement in respect of an intra-group loan from the Issuer to CIPP Technology Holding in the nominal amount equivalent to approximately EUR 10,000,000; and
- (g) any other pledge agreement entered into by a Group Company pursuant to these Terms and Conditions or the Intercreditor Agreement.

“**Shareholder Loans**” means any loan to the Issuer as the debtor (other than a loan to the Issuer from another Group Company), if such shareholder loan (a) according to its terms, are subordinated to the obligations of the Issuer under the Terms and Conditions pursuant to the Intercreditor Agreement (if any) or another subordination agreement, (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date, and (c) according to its terms yield only payment-in-kind interest.

“**Sole Bookrunner**” means Pareto Securities AB (reg. no. 556206-8956, P.O. Box 7415, SE-103 91 Stockholm, Sweden).

“**Subsequent Bond Issue**” has the meaning set forth in Clause 2.4

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

“**Subsidiary**” means, in relation to any person, any entity (whether incorporated or not), which at any time is a subsidiary (*dotterbolag*) to such person, directly or indirectly, as defined in the Danish Companies Act.

“**Sydbank Loan**” means the debt to Sydbank A/S in a nominal DKK amount equivalent to approximately EUR 1,045,000 secured by a guarantee issued by EKF, the Danish export credit organization.

“**Transaction Costs**” means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other Group Company in connection with (i) an Initial Bond Issue and a Subsequent Bond Issue, (ii) the Working Capital Facility and (iii) the listing of the Bonds.

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

“**Trustee**” means the Holders’ agent under these Terms and Conditions, from time to time; initially Nordic Trustee & Agency AB (publ) (reg.no. 556882-1879, P.O. Box 7329 SE-103 90 Stockholm, Sweden).

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

“**Vendor Loan Note**” means the vendor loan note in a nominal DKK amount equivalent to approximately EUR 1,340,000 issued by IBL Group ApS to the Issuer.

“**Working Capital Facility**” means any working capital facility provided for the general corporate purposes of the Group in the maximum aggregate nominal amount of EUR 4,000,000 (or its equivalent in any other currency or currencies).

“**Working Capital Facility Provider**” means any bank or other financing provider, from time to time, under any Working Capital Facility.

“**Written Procedure**” means the written or electronic procedure for decision making among the Holders in accordance with Clause 19 (*Written Procedure*).

## 1.2 **Construction**

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

- (a) “**assets**” includes present and future properties, revenues and rights of every description;
- (b) a “**Finance Document**” or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
- (c) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (d) a “**regulation**” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- (e) an “**enforcement**” of a Guarantee means making a demand for payment under a Guarantee;
- (f) a provision of law is a reference to that provision as amended or re-enacted; and

- (g) a time of day is a reference to Stockholm time.
- 1.2.2 An Event of Default is continuing if it has not been remedied or waived.
- 1.2.3 When ascertaining whether a limit or threshold specified in 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.ecb.europa.eu](http://www.ecb.europa.eu)). If no such rate is available, the most recently published rate shall be used instead.
- 1.2.4 A notice shall be deemed to be sent by way of press release if it is made available to the public within the European Economic Area promptly and in a non-discriminatory manner.
- 1.2.5 No delay or omission of the Trustee or of any Holder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

### 1.3 **Conflict of Terms**

In case of any conflict of terms between the terms of the Intercreditor Agreement (if any) and any other Finance Document, the Intercreditor Agreement shall take precedent.

## 2. **THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS**

- 2.1 The aggregate amount of the bond loan will be an amount of up to EUR 50,000,000 which will be represented by Bonds, each of a nominal amount of EUR 100,000 or full multiples thereof (the “**Nominal Amount**”). The total nominal amount of the Initial Bond Issue is EUR 30,000,000 (the “**Initial Bond Issue**”). All Initial Bonds are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Nominal Amount.
- 2.2 The ISIN for the Bonds is SE0010921999.
- 2.3 The minimum permissible investment in connection with the Initial Bond Issue is EUR 100,000.
- 2.4 The Issuer may at one or more occasions after the First Issue Date issue Subsequent Bonds under these Terms and Conditions (each such issue, a “**Subsequent Bond Issue**”), until the total amount under such Subsequent Bond Issue(s) and the Initial Bond Issue equals EUR 50,000,000, always provided that (i) the relevant Incurrence Test (as applicable) (calculated *pro forma* including such issue) is met and (ii) no Event of Default is continuing or would result from (a) the expiry of a grace period, giving of notice, making of any determination or any combination of any of the foregoing or (ii) the issue of the Subsequent Bonds.
- 2.5 Any Subsequent Bonds shall benefit from and be subject to the Finance Documents and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount and the Final Redemption Date applicable to the Initial Bonds shall also apply to Subsequent Bonds. The price of Subsequent Bonds may be set at the Nominal Amount, at a discount or at a higher price than the Nominal Amount.
- 2.6 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 2.7 The Bonds are denominated in EUR and each Bond is constituted by these Terms and Conditions.

- 2.8 By subscribing for Bonds, each initial Holder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds each subsequent Holder confirms such agreements.

### **3. STATUS OF THE BONDS**

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least *pari passu* with (i) the Working Capital Facility, the Sydbank Loan and the Hedging Obligations pursuant to the terms of the Intercreditor Agreement (if any), but will receive proceeds from the enforcement of the Transaction Security and certain distressed disposals only after any obligations secured on a super priority basis, including the Working Capital Facility, the Sydbank Loan and the Hedging Obligations, have been repaid in full, and (ii) all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.

### **4. USE OF PROCEEDS**

- 4.1 The Net Proceeds from the Initial Bond Issue shall be used:

- (a) *firstly*, to refinance the Existing Debt; and
- (b) *thereafter*, for general corporate purposes of the Group.

- 4.2 The Net Proceeds from any Subsequent Bond shall be used for general corporate purposes of the Group, including investments and acquisitions.

### **5. CONDITIONS PRECEDENT FOR DISBURSEMENT AND CONDITIONS SUBSEQUENT**

#### **5.1 Conditions Precedent for the Initial Bonds**

The Issuing Agent shall pay the Net Proceeds from the issuance of the Initial Bonds to the Existing Lenders and the Issuer on the later of (i) the First Issue Date and (ii) the date on which the Trustee notifies the Issuing Agent that it has received the following documents:

- (a) constitutional documents and corporate resolutions (approving the relevant Finance Documents) for the Issuer and any other Group Company who is a party to a Finance Document;
- (b) duly executed copies of the Finance Documents (other than the Intercreditor Agreement, the Danish Floating Charge and the German Share Pledge);
- (c) evidence that the Security Documents (other than the Danish Floating Charge, the German Share Pledge and any Security Document pursuant to paragraph (g) of the definition of “Security Document”) have been duly executed and that the documents and other evidences to be delivered pursuant to the Security Documents (other than the Danish Floating Charge and the German Share Pledge) in order to perfect the security will be delivered as soon as practicably possible, as further set out in the delivery undertaking under paragraph (f) below, following the repayment of the Existing Debt;
- (d) a Danish law legal opinion on the capacity, due execution, validity (in respect of the Danish obligors) and enforceability of the Finance Documents entered into by any

Danish obligor (other than the Danish Floating Charge and any Security Document pursuant to paragraph (g) of the definition of “Security Document”) issued by a reputable law firm;

- (e) prepayment and cancellation letters evidencing that the Existing Debt will be prepaid as soon as possible upon disbursement of the Net Proceeds of the Initial Bond Issue; and
- (f) a delivery undertaking from the Existing Lenders, whereby the Existing Lenders undertakes to immediately release and deliver to the Trustee any documents relating to the security securing the Existing Debt and to take such further actions as may be reasonably necessary in order to give effect to such release upon receipt of the amount set out in paragraph (e) above.

## 5.2 **Conditions Subsequent**

The Issuer shall procure the delivery of the following documents to the Trustee as soon as possible but no later than the date falling five (5) Business Days after the First Issue Date:

- (a) evidence that the Danish Floating Charge has been duly executed and filed for registration with the relevant Danish authority for due perfection of the Danish Floating Charge;
- (b) a Danish law legal opinion on the validity and enforceability of the Danish Floating Charge issued by a reputable law firm;
- (c) evidence that the German Share Pledge has been duly executed and that the documents and other evidences to be delivered pursuant to the German Share Pledge in order to perfect the security will be delivered as soon as practicably possible; and
- (d) a German law legal opinion on the capacity, due execution, validity (in respect of the German obligors) and on the validity and enforceability of the Finance Documents (other than any Security Document pursuant to paragraph (g) of the definition of “Security Document”) entered into by any German obligor issued by a reputable law firm.

## 5.3 **Conditions Precedent for Subsequent Bonds**

The Issuing Agent shall pay the Net Proceeds from the issuance of any Subsequent Bonds to the Issuer on the later of (i) the date of the issue of such Subsequent Bonds and (ii) the date on which the Trustee notifies the Issuing Agent that it has received the following:

- (a) a copy of a resolution from the board of directors of the Issuer approving the issue of the Subsequent Bonds and resolving to enter into documents necessary in connection therewith;
- (b) a Compliance Certificate from the Issuer confirming that the relevant Incurrence Test is met and that no Event of Default is continuing or would result from the issue of the Subsequent Bonds; and
- (c) any other documents and information as agreed between the Trustee and the Issuer.



#### 5.4 **Responsibility for documentation**

The Trustee may assume that the documentation and evidence delivered to it pursuant to Clauses 5.1, 5.2 or 5.3 is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Trustee does not have to verify or assess the contents of any such documentation or evidence. None of the documentation and evidence delivered to it pursuant to Clauses 5.1, 5.2 or 5.3 are reviewed by the Trustee from a legal or commercial perspective of the Holders.

### 6. **TRANSACTION SECURITY AND GUARANTEES**

#### 6.1 **Granting of Transaction Security**

- (a) As continuing security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants (and shall procure that any other Group Company (as applicable) grants) as first ranking security to the Secured Parties (as represented by the Trustee) the Transaction Security on the terms set out in the Security Documents and the Intercreditor Agreement (if any).
- (b) Without prejudice to paragraph (a) above, the Issuer shall ensure that:
  - (i) a share pledge is granted in favour of the Secured Parties over the shares of any Group Company becoming a Guarantor pursuant to paragraph (b) of Clause 6.2 (Guarantees) at the same time such Group Company becomes a Guarantor;
  - (ii) within thirty (30) Business Days of its incurrence, security is granted in favour of the Secured Parties over any intra-group loan:
    - (A) with a term in excess of one (1) year;
    - (B) with a maturity date falling on or after 1 January 2019; and
    - (C) having a nominal amount in excess of EUR 1,000,000 (individually or when aggregated with any other loan made between the same Group Companies),

provided that no security will be required over any intra-group loan to any Group Company incorporated in China; and

- (iii) the relevant pledgors carries out any action to protect, perfect or give priority to the Transaction Security purported to be created by this paragraph (b).
- (c) The Security Agent shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Security Documents and the Intercreditor Agreement (if any).
- (d) The Issuer shall ensure that the Security Documents and all documents relating thereto are duly executed in favour of the Trustee and the Holders (as represented by the Trustee) and that such documents are legally valid, perfected, enforceable and in full force and effect according to their terms. The Issuer shall execute and/or procure the execution of such further documentation as the Trustee may reasonably

require in order for the Holders and the Trustee to at all times maintain the security position and guarantee position envisaged under the Finance Documents.

- (e) Subject to the terms of the Intercreditor Agreement, except if otherwise decided by the Holders according to the procedures set out in Clauses 17 (*Decisions by Holders*), 18 (*Holders' Meeting*) and 19 (*Written Procedure*), the Trustee is, without first having to obtain the Holders' consent, entitled to enter into binding agreements with the Group Companies or third parties if it is, in the Trustee's sole discretion, necessary for the purpose of establishing, maintaining, altering, releasing or enforcing the Transaction Security or the Guarantees or for the purpose of settling the various Holders' relative rights to the Transaction Security or the Guarantees. The Trustee is entitled to take all measures available to it according to the Security Documents and the Guarantees.

## 6.2 Guarantees

- (a) Subject to the Intercreditor Agreement (if any), each Guarantor shall unconditionally and irrevocably guarantee (Sw. *proprieborgen*) to the Secured Parties (as represented by the Security Agent) as for its own debts (Sw. *såsom för egen skuld*) the full and punctual payment by the Issuer of the Secured Obligations in accordance with the Guarantee Agreement. The obligations and liabilities of the Guarantors under the Guarantee Agreement shall be limited if required (but only if and to the extent required) under the laws of the jurisdiction in which the relevant Guarantor is incorporated.
- (b) The Security Agent shall hold the Guarantees on behalf of the Secured Parties in accordance with the Guarantee Agreement and the Intercreditor Agreement (if any).
- (c) Subject to paragraph (d) below, the Issuer shall ensure that, within forty (40) Business Days after delivery of each of its annual audited consolidated Financial Reports:
- (i) any Group Company with earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) representing ten (10) per cent. or more of EBITDA (excluding any Group Company incorporated in China on a *pro forma* basis) becomes a Guarantor; and
  - (ii) if necessary, procure that further Group Companies become Guarantors to ensure that the aggregate of earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) of the Guarantors represents not less than eighty-five (85) per cent. of EBITDA (excluding any Group Company incorporated in China on a *pro forma* basis),

in each case as evidenced by such Financial Reports.

- (d) Notwithstanding paragraph (c) above:
- (i) no Group Company incorporated in China shall be required to become a Guarantor; and
  - (ii) the Issuer need only perform its obligations under paragraph (c) above if it is not unlawful for the relevant person to become a Guarantor and that person becoming a Guarantor would not result in personal liability for that person's directors or other management, provided that each Group

Company must use, and must procure that the relevant person uses, all reasonable endeavours lawfully available to avoid any such illegality or personal liability, including agreeing to a limit on the amount guaranteed.

### 6.3 Enforcement of Transaction Security and Guarantees

- (a) If the Bonds are declared due and payable according to Clause 15 (*Termination of the Bonds*), or following the Final Redemption Date, the Trustee is, without first having to obtain the Holders' consent, entitled to enforce the Transaction Security and the Guarantees in such manner and under such conditions that the Trustee finds acceptable (if in accordance with the Security Documents, the Guarantee Agreement and the Intercreditor Agreement (if any)).
- (b) Subject to the terms of the Intercreditor Agreement (if any), if a Holders' Meeting has been convened, or a Written Procedure has been instigated, to decide on the termination of the Bonds and/or the enforcement of all or any of the Transaction Security or the Guarantees, the Trustee is obligated to take actions in accordance with the Holders' decision regarding the Transaction Security or Guarantees. However, if the Bonds are not terminated due to that the cause for termination has ceased or due to any other circumstance mentioned in the Finance Documents, the Trustee shall not enforce the Transaction Security or the Guarantees. Subject to the terms of the Intercreditor Agreement (if any), if the Holders, without any prior initiative from the Trustee or the Issuer, have made a decision regarding termination of the Bonds and enforcement of the Transaction Security or the Guarantees in accordance with the procedures set out in Clauses 17 (*Decisions by Holders*), 18 (*Holders' Meeting*) and 19 (*Written Procedure*), the Trustee shall promptly declare the Bonds terminated and enforce the Transaction Security or the Guarantees (as applicable). The Trustee is however not liable to take action if the Trustee considers cause for termination and/or acceleration not to be at hand, unless the instructing Holders in writing commit to holding the Trustee indemnified and, at the Trustee's own discretion, grant sufficient security for the obligation.
- (c) Funds that the Trustee receives (directly or indirectly) on behalf of Secured Parties in connection with the termination of the Bonds or the enforcement of any or all of the Transaction Security or the Guarantees constitute escrow funds (Sw. *redovisningsmedel*) according to the Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate interest bearing account on behalf of the Secured Parties. The Trustee shall promptly arrange for payments to be made to the Holders in such case. The Trustee shall arrange for payments of such funds in accordance with Clause 18 (*Distribution of proceeds*) as soon as reasonably practicable. If the Trustee deems it appropriate, it may, in accordance with this paragraph (c), instruct the CSD to arrange for payment to the Holders.
- (d) For the purpose of exercising the rights of the Holders and the Trustee under the Finance Documents and for the purpose of distributing any funds originating from the enforcement of any Transaction Security or a Guarantee, the Issuer irrevocably authorises and empowers the Trustee to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Holders in accordance with paragraph (c) above. To the extent permissible by law, the powers set out in this paragraph (d) are irrevocable and shall be valid for as long as any

Bonds remain outstanding. The Issuer shall immediately upon request by the Trustee provide the Trustee with any such documents, including a written power of attorney, which the Trustee deems necessary for the purpose of carrying out its duties under paragraph (c) above (including as required by the CSD in order for the CSD to accept such payment instructions). Especially, the Issuer shall, upon the Trustee's request, provide the Trustee with a written power of attorney empowering the Trustee to change the bank account registered with the CSD to a bank account in the name of the Trustee and to instruct the CSD to pay out funds originating from an enforcement in accordance with paragraph (c) above to the Holders through the CSD.

#### 6.4 **Release of Transaction Security and Guarantees**

The Security Agent may, subject to the terms of the Intercreditor Agreement release Guarantees and Transaction Security in accordance with the terms of the Security Documents, the Guarantee Agreement and the Intercreditor Agreement (as applicable).

### 7. **THE BONDS AND TRANSFERABILITY**

7.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.

7.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.

7.3 Upon a transfer of Bonds, any rights and obligations under the Finance Documents relating to such Bonds are automatically transferred to the transferee.

7.4 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 Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, e.g., its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.

7.5 The Bonds have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and the Issuer is under no obligation to arrange for registration of the Bonds under the Securities Act or under any other law or regulation.

7.6 The Bonds are not offered to and may not be subscribed by investors located in the United States except for "Qualified Institutional Buyers" ("QIB") within the meaning of Rule 144A under the Securities Act. In the application form relating to the Bonds, each person applying for the Bonds must confirm whether it is a U.S. person as defined in Rule 902 of Regulation S under the Securities Act, and if it is a U.S. person it must confirm, *inter alia*, that it is a QIB.

7.7 Holders located in the United States are not permitted to transfer Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Holder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or

other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and (e) pursuant to any other available exemption from registration under the Securities Act, subject to the receipt by the Issuer of an opinion of counsel or such other evidence that the Issuer may reasonably require confirming that such sale or transfer is in compliance with the Securities Act.

- 7.8 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

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

- 8.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Central Securities Depositories and Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- 8.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (*Sw. 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 Central Securities Depositories and Financial Instruments Accounts Act .
- 8.3 The Issuer (and the Trustee when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Trustee, the Issuer shall promptly obtain such information and provide it to the Trustee.
- 8.4 For the purpose of or in connection with any Holders' 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. If the Trustee does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Trustee obtain information from the debt register and provide it to the Trustee.
- 8.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Trustee, as notified by the Trustee, 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 Trustee or unless consent thereto is given by the Holders.
- 8.6 At the request of the Trustee, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Trustee.

## **9. RIGHT TO ACT ON BEHALF OF A HOLDER**

- 9.1 If any Person other than a Holder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- 9.2 A Holder 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 Holder and may further delegate its right to represent the Holder by way of a further power of attorney.
- 9.3 The Trustee shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 9.1 and 9.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

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

- 10.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 10.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effectuated by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder 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 effectuate payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 10.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 11.4 during such postponement.
- 10.4 If payment or repayment is made in accordance with this Clause 10, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware that the payment was being made to a Person not entitled to receive such amount.
- 10.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Initial Bond Issue or a Subsequent Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or similar.

## **11. INTEREST**

- 11.1 The Bonds will bear Interest at the Interest Rate applied to the Outstanding Nominal Amount from, but excluding, the First Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond will, however, carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to their issuance up to (and including) the relevant Redemption Date.
- 11.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.
- 11.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- 11.4 If the Issuer fails to pay any amount payable by it under these Terms and Conditions 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 hundred (200) basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Trustee or the CSD, in which case the Interest Rate shall apply instead.

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

### **12.1 Redemption at maturity**

The Issuer shall redeem all, but not only some, of the Bonds in full on the Final Redemption Date (or, to the extent such day is not a Business Day and if permitted under the CSD's applicable regulations, on the Business Day following from an application of the Business Day Convention, and otherwise on the first following Business Day) with an amount per Bond equal to the Outstanding Nominal Amount together with accrued but unpaid Interest.

### **12.2 The Issuer's purchase of Bonds**

The Issuer may, subject to applicable law, at any time and at any price purchase Bonds. Bonds held by the Issuer may at the Issuer's discretion be retained or sold but not cancelled, except in connection with a full redemption of the Bonds.

### **12.3 Voluntary prepayment**

- 12.3.1 The Issuer may on one occasion each calendar year, make partial repayments of Bonds in an amount corresponding to a maximum of five (5) per cent of the aggregate Nominal Amount as of the First Issue Date. Any such partial repayment shall reduce the Outstanding Nominal Amount of each Bond *pro rata* (rounded down to the nearest EUR 1). The prepayment price for each Bond shall be a premium on the repaid amount as set forth in the Call Option Amount for the relevant period and shall, for the period from and including the First Issue Date until the First Call Date, be the price set out in paragraph (a) of the definition of "Call Option Amount", in each case together with accrued but unpaid interest.
- 12.3.2 Partial repayment shall be made by the Issuer giving not less than twenty (20) Business Days' notice to the Holders and the repayment shall be made on the immediately following Interest Payment Date.

#### 12.4 **Early voluntary redemption by the Issuer (call option)**

12.4.1 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day falling before the Final Redemption Date, at the Make Whole Amount or the Call Option Amount (as applicable) together with accrued but unpaid Interest.

12.4.2 Redemption in accordance with Clause 12.4.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders and the Trustee. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

#### 12.5 **Equity Claw Back**

12.5.1 The Issuer may at one occasion, in connection with an Equity Listing Event, repay up to thirty (30) per cent. of the total Outstanding Nominal Amount, in which case all outstanding Bonds shall be partially repaid by way of reducing the Nominal Amount of each Bond *pro rata*. The repayment must occur on an Interest Payment Date within 180 days after such initial public offering and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such offering (net of fees, charges and commissions actually incurred in connection with such offering and net of taxes paid or payable as a result of such offering). The repayment per Bond shall equal the repaid percentage of the Outstanding Nominal Amount (rounded down to the nearest EUR 1,000) plus (i) a premium on the repaid amount as set forth in the Call Option Amount for the relevant period and, shall up until the First Call Date be the price set out in paragraph (a) of the definition of Call Option Amount and (ii) accrued but unpaid interest on the repaid amount.

12.5.2 Partial repayment in accordance with Clause 12.5.1 above shall be made by the Issuer giving not less than twenty (20) Business Days' notice and the repayment shall be made on the immediately following Interest Payment Date.

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

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

12.6.2 The applicability of Clause 12.6.1 shall be supported by a legal opinion issued by a reputable law firm.

12.6.3 The Issuer may give notice of redemption pursuant to Clause 12.6.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse). The notice from the Issuer is irrevocable, shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Holder to receive the amounts due on such Redemption Date. The Issuer is bound to redeem the Bonds in full at the applicable amount on the specified Redemption Date.



## 12.7 **Mandatory repurchase due to a Change of Control Event or a Listing Failure (put option)**

12.7.1 Upon a Change of Control Event or a Listing Failure occurring, each Holder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to one hundred one (101.00) per cent. of the Outstanding Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) calendar days following a notice from the Issuer of the relevant event pursuant to paragraph (e) of Clause 14.10 (*Information undertakings*). The sixty (60) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event or the Listing Failure (as applicable).

12.7.2 The notice from the Issuer pursuant to paragraph (e) of Clause 14.10 (*Information undertakings*) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to paragraph (e) of Clause 14.10 (*Information undertakings*). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 12.7.1.

12.7.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 12.5, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 12.5 by virtue of the conflict.

12.7.4 Any Bonds repurchased by the Issuer pursuant to this Clause 12.5 may at the Issuer's discretion be retained, sold or cancelled in accordance with Clause 12.2.

## 12.8 **Mandatory redemption due to failure to fulfil the Conditions Precedent or the Conditions Subsequent**

12.8.1 If the Conditions Precedent or the Conditions Subsequent have not been fulfilled on or before sixty (60) Business Days following the First Issue Date, the Issuer shall redeem all Bonds at a price equal to one hundred (100.00) per cent. of the Nominal Amount together with any accrued but unpaid interest.

12.8.2 The redemption of the Bonds shall (i) be executed on the first Interest Payment Date (taking into account the rules and regulations of the CSD) and (ii) be made by the Issuer giving not less than ten (10) Business Days' notice to the Holders and the Trustee, where such notice shall state the relevant Interest Payment Date on which the redemption shall be made, the redemption amount and the relevant Record Date.

## 13. **INCURRENCE TESTS**

### 13.1 **Application of the Debt Incurrence Test and the Acquisition Incurrence Test**

13.1.1 The Acquisition Incurrence Test shall be applied in connection with the incurrence of Financial Indebtedness (including Subsequent Bonds) to be used for an acquisition, *provided that* (i) at least forty (40) per cent. of the total consideration for the acquisition is

funded by Equity Injections and (ii) the Issuer elects to apply the Acquisition Incurrence Test instead of the Debt Incurrence Test.

- 13.1.2 The Debt Incurrence Test shall be applied in connection with the incurrence of Financial Indebtedness if the Acquisition Incurrence Test does not apply to such incurrence pursuant to Clause 13.1.1.

13.2 **Debt Incurrence Test**

The Debt Incurrence Test is met if:

- (a) the Leverage Ratio (in each case calculated in accordance with the Calculation Principles) is equal to or less than:
  - (i) from and including the First Issue Date until the date falling eighteen (18) months thereafter, 4.50:1; and
  - (ii) thereafter, 4.00:1; and
- (b) no Event of Default is continuing or would occur upon the incurrence.

13.3 **Acquisition Incurrence Test**

The Acquisition Incurrence Test is met if:

- (a) the Leverage Ratio (in each case calculated in accordance with the Calculation Principles) is equal to or less than:
  - (i) from and including the First Issue Date until the date falling eighteen (18) months thereafter, 4.50:1; and
  - (ii) thereafter, 4.00:1; and
- (b) no Event of Default is continuing or would occur upon the incurrence

13.4 **Calculation of the Debt Incurrence Test and the Acquisition Incurrence Test**

- 13.4.1 The calculation the Leverage Ratio shall be made as per a testing date (the “**Testing Date**”), determined by the Issuer, falling no more than two (2) months prior to the incurrence of Permitted Debt (that requires the Debt Incurrence Test or Acquisition Incurrence Test to be met).

- 13.4.2 Net Interest Bearing Debt shall be measured on the Testing Date so determined, calculated *pro forma* including the new Financial Indebtedness provided that such Financial Indebtedness is an interest bearing obligation (however, any cash balance resulting from the incurrence of such new Financial Indebtedness shall not reduce Net Interest Bearing Debt).

- 13.4.3 The figures for EBITDA for the Reference Period ending on the last day of the period covered by the most recent Financial Report (including when necessary, financial statements published before the First Issue Date) shall be used for the Incurrence Test, but adjusted so that (without double counting):

- (a) the earnings before interest, tax, depreciation, amortisation and impairment charges (calculated on the same basis as EBITDA) of entities acquired or disposed of by the Group during the Reference Period, or after the end of the Reference Period but

before the relevant Testing Date, shall be included or excluded (as applicable), *pro forma*, for the entire Reference Period;

- (b) the earnings before interest, tax, depreciation, amortisation and impairment charges (calculated on the same basis as EBITDA) of any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, *pro forma*, for the entire Reference Period; and
  - (c) any Finance Charges in relation to new Financial Indebtedness incurred in relation to an entity acquired during the Reference Period, or after the end of the Reference Period but before the relevant testing date, shall be included, *pro forma*, for the entire Reference Period.
- 13.4.4 The figures for Net Interest Bearing Debt for the Reference Period ending on the last day of the period covered by the most recent Financial Report (including when necessary, financial statements published before the First Issue Date) shall be used for the Incurrence Test, but adjusted so that Net Interest Bearing Debt shall be (without double counting):
- (a) *reduced* to reflect any Net Interest Bearing Debt attributable to a disposed entity or which has been repaid, repurchased or otherwise discharged as a result of or in connection with a disposal of an entity (to the extent such Net Interest Bearing Debt is included in the relevant financial statements), in each case to the extent such disposal is attributable to the Reference Period or the period from the end of the Reference to the relevant Testing Date;
  - (b) *increased* on a *pro forma* basis by an amount equal to the Net Interest Bearing Debt directly attributable to (i) any Financial Indebtedness owed by acquired entities, and (ii) any Financial Indebtedness incurred to finance the acquisition of entities, in each case to the extent attributable to the Reference Period or the period from the end of the Reference to the relevant Testing Date; and
  - (c) *increased* on a *pro forma* basis by an amount equal to the Net Interest Bearing Debt directly attributable to any Financial Indebtedness incurred under any Subsequent Bonds.

13.4.5 In respect of the Acquisition Incurrence Test only:

- (a) the Leverage Ratio may be calculated on the ratio of the earnings before interest, tax, depreciation, amortisation and impairment charges (calculated on the same basis as EBITDA) to net interest bearing debt (calculated on the same basis as Net Interest Bearing Debt) of the target company and its subsidiaries only; and
- (b) Net Interest Bearing Debt shall be:
  - (i) *increased* by the amount of the new Financial Indebtedness incurred by the Group for the acquisition; and
  - (ii) *reduced* by an amount equal to the consideration for the acquisition funded by Equity Injections.

## 14. SPECIAL UNDERTAKINGS

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 12.8.

#### 14.1 **Distributions**

The Issuer shall not, and shall procure that none of its Subsidiaries will:

- (a) pay any dividend on its shares;
- (b) repurchase any of its own shares;
- (c) redeem its share capital or other restricted equity with repayment to shareholders;
- (d) repay any Shareholder Loans or the Vendor Loan Note or pay capitalized or accrued interest thereunder; or
- (e) make any other similar distribution or transfers of value to the direct or indirect shareholder of the Issuer, or any Affiliates of the Issuer (the transactions referred to under paragraphs (a) to (e) are collectively and individually referred to as a “**Restricted Payment**”),

provided however that any such Restricted Payment may be made if such Restricted Payment is not in conflict with any law and no Event of Default is continuing or would result from the making of such Restricted Payment by (i) any Group Company if such Restricted Payment is made to a Group Company and, if made by a Subsidiary which is not, directly or indirectly, wholly-owned by the Issuer, is made on a *pro rata* basis, or (ii) the Issuer if such Restricted Payment constitutes a repurchase or redemption of own shares in aggregate (taking into account any other repurchase or redemption made for the same purpose) not representing more than five (5) per cent. of the share capital of the Issuer and such repurchased or redeemed shares shall be used to facilitate any management incentive program (including any delivery of shares under such program).

#### 14.2 **Listing of Bonds**

- (a) The Issuer shall use its reasonable endeavours to procure that the Bonds are listed on the Open Market of the Frankfurt Stock Exchange as soon as reasonably possibly after the First Issue Date and remain listed on such exchange until the Bonds have been redeemed in full.
- (b) The Issuer shall use its best efforts to ensure that:
  - (i) the Initial Bonds are listed at the corporate bond list on a Regulated Market within twelve (12) months of the First Issue Date; and
  - (ii) any Subsequent Bonds are listed on the relevant Regulated Market within sixty (60) days after the issuance of such Subsequent Bonds and with an intention to complete such listing within thirty (30) days after the issuance of such Subsequent Bonds (unless Subsequent Bonds are issued before the date falling twelve (12) months before the First Issue Date, in which case such Subsequent Bonds shall be listed within twelve (12) months after the First Issue Date),

and shall take all measures required to ensure that the Initial Bonds (and any Subsequent Bonds as applicable), once listed on a Regulated Market, continue being listed such Regulated Market for as long as any Bond is outstanding (however, taking into account the rules and regulations of that 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) and

that, upon any Subsequent Bond Issue, the volume of Bonds listed on the relevant Regulated Market promptly, but not later than ten (10) Business Days after the relevant Issue Date, is increased accordingly.

**14.3 Nature of business**

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

**14.4 Financial Indebtedness**

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

**14.5 Disposal of assets**

The Issuer shall not, and shall procure that none of the Subsidiaries, sell or otherwise dispose of shares in any Group Company or of all or substantially all of its or any Subsidiary's assets (including but not limited to material intellectual property rights) or operations to any person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. Notwithstanding the above and subject to the pre-agreed right to dispose of up to five (5) per cent. of the share capital of the Issuer to facilitate a management incentive program, a Group Company may not dispose of shares which have been pledged in order to secure the obligations under the Finance Documents unless the Trustee (acting in its sole discretion) has provided its prior written approval.

**14.6 Clean down period**

The Issuer shall procure that during each calendar year there shall be a period of three (3) consecutive days during which the amount outstanding under the Working Capital Facility, less Cash and Cash Equivalents, equals zero (0) or less. Not less than six (6) months shall elapse between two such periods.

**14.7 Negative Pledge**

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

**14.8 Dealings with related parties**

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

#### 14.9 **Loans out**

The Issuer shall not, and shall procure that none of its Subsidiaries will, extend any loans in any form to any other party than (i) other Group Companies and (ii) in the ordinary course of business.

#### 14.10 **Information undertakings**

##### 14.10.1 The Issuer shall:

- (a) prepare and make available the annual audited consolidated financial statements of the Group, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than four (4) months after the expiry of each financial year;
- (b) prepare and make available the quarterly interim unaudited consolidated reports of the Group (in English), including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than two (2) months after the expiry of each relevant interim period;
- (c) issue a Compliance Certificate to the Trustee in connection with the testing of an Incurrence Test;
- (d) keep the latest version of these Terms and Conditions available on the website of the Group; and
- (e) promptly notify the Trustee (and, as regards a Change of Control Event or a Listing Failure, the Holders) when the Issuer is or becomes aware of a Change of Control Event or a Listing Failure or that an Event of Default has occurred, and provide the Trustee with such further information as the Trustee may request (acting reasonably) following receipt of such notice.

14.10.2 From and including the listing of the Bonds on a Regulated Market, the Financial Reports shall be prepared in accordance with IFRS and made available in accordance with the rules and regulations of the relevant Regulated Market (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (if applicable).

14.10.3 The Issuer shall notify the Trustee of any transaction referred to in Clause 14.8 (*Disposals of assets*) and shall, upon request by the Trustee, provide the Trustee with (a) any information relating to the transaction which the Trustee deems necessary (acting reasonably) and (b) a determination from the Issuer which states whether the transaction is carried out at fair market value and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not.

#### 14.11 **Compliance with laws etcetera**

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

## 14.12 **Trustee Agreement**

14.12.1 The Issuer shall, in accordance with the Trustee Agreement:

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

14.12.2 The Issuer and the Trustee shall not agree to amend any provisions of the Trustee Agreement without the prior consent of the Holders if the amendment would be detrimental to the interests of the Holders.

## 14.13 **CSD related undertakings**

The Issuer shall keep the Bonds affiliated with a CSD and comply with all CSD regulation applicable to the Issuer from time to time.

## 15. **TERMINATION OF THE BONDS**

15.1 Subject to the terms of the Intercreditor Agreement (if any), the Trustee is entitled to, and shall following a demand in writing from a Holder (or Holders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a Person who is a Holder on the second Business Day following the day on which the demand is received by the Trustee and shall, if made by several Holders, be made by them jointly) or following an instruction or decision pursuant to Clause 15.6 or 15.7, on behalf of the Holders, terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Trustee determines (such later date not falling later than twenty (20) Business Days from the date on which the Trustee made such declaration), if:

- (a) **Non-payment:** The Issuer or a Guarantor fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is caused by administrative or technical error and payment is made within five (5) Business Days of the due date;
- (b) **Other obligations:** A Group Company does not comply with its obligations under the Finance Documents, in any other way than as set out under (a) above, provided that the Trustee has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within fifteen (15) Business Days from such request (if the failure or violation is not capable of being remedied, the Trustee may declare the Bonds due and payable without such prior written request).
- (c) **Cross-acceleration:** Any Financial Indebtedness of a Material Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that:

- (i) no Event of Default will occur under this paragraph (c) if the aggregate amount of Financial Indebtedness that has fallen due is less than EUR 1,000,000; and
  - (ii) this paragraph (c) does not apply to any Financial Indebtedness owed to a Group Company;
- (d) **Insolvency:**
- (i) Any Material 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 or illiquidity, commences negotiations with its creditors generally (except for the Holders) with a view to rescheduling its Financial Indebtedness or a Material Company incorporated in Germany is unable to pay its debts as they fall due (*zahlungsunfähig*) within the meaning of section 17 of the German Insolvency Code (*Insolvenzverordnung*);
  - (ii) a Material Company incorporated in Germany is overindebted (*überschuldet*) within the meaning of section 19 of the German Insolvency Code (*Insolvenzordnung*); or
  - (iii) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company;
- (e) **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, (ii) proceedings or petitions concerning a claim which is less than EUR 1,000,000, and (ii), in relation to Subsidiaries of the Issuer, solvent liquidations) in relation to:
- (i) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise or, with respect to a Material Company incorporated in Germany, including but not limited to a so-called protective shield procedure (*Schutzschirmverfahren*)) of any Material Group Company; and
  - (ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets or any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company;
- (f) **Mergers and demergers:** A decision is made that any Group Company shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that:
- (i) a merger subject to existing security between Subsidiaries only, provided that the merger does not materially adversely affect the effectiveness or enforceability of such existing security, shall not be an Event of Default;
  - (ii) a merger between the Issuer and a Subsidiary, where the Issuer is the surviving entity, shall not be an Event of Default;



- (iii) merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default; and
  - (iv) the Issuer may not be demerged;
  - (g) **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding EUR 1,000,000 and is not discharged within sixty (60) calendar days;
  - (h) **Continuation of the business:** The Issuer or any other Group Company ceases to carry on its business if such discontinuation is likely to have a Material Adverse Effect.
- 15.2 The Trustee may not terminate the Bonds in accordance with Clause 15.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, in accordance with these Terms and Conditions, to waive such Event of Default (temporarily or permanently). However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned under Clause 15.1.
- 15.3 If the right to terminate 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 termination to be deemed to exist.
- 15.4 The Issuer is obliged to inform the Trustee immediately if any circumstance of the type specified in Clause 15.1 should occur. Should the Trustee not receive such information, the Trustee is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Trustee does not have knowledge of such circumstance. The Trustee is under no obligations to make any investigations relating to the circumstances specified in Clause 15.1. The Issuer shall further, at the request of the Trustee, provide the Trustee with details of any circumstances referred to in Clause 15.1 and provide the Trustee with all documents that may be of significance for the application of this Clause 15.
- 15.5 The Issuer is only obliged to inform the Trustee according to Clause 15.4 if informing the Trustee would not conflict with any statute or the Issuer's registration contract with the relevant Regulated Market. If such a conflict would exist pursuant to the listing contract with the relevant Regulated Market or otherwise, the Issuer shall however be obliged to either seek the approval from the relevant Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Trustee, in order to be able to timely inform the Trustee according to Clause 15.4.
- 15.6 If the Trustee has been notified by the Issuer or has otherwise received actual knowledge that there is a default under the Finance Documents according to Clause 15.1, the Trustee shall (i) notify, within five (5) Business Days of the day of notification or actual knowledge, the Holders of the default and (ii) decide, within twenty (20) Business Days of the day of notification or actual knowledge, if the Bonds shall be declared terminated. If the Trustee has decided not to terminate the Bonds, the Trustee shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 17 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Trustee to terminate the Bonds, the Trustee shall promptly declare the Bonds terminated. However, if the cause for termination according to

- the Trustee's appraisal has ceased before the termination, the Trustee shall not terminate the Bonds. The Trustee shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Trustee shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 15.7 If the Holders, without any prior initiative to decision from the Trustee or the Issuer, have made a decision regarding termination in accordance with Clause 17 (*Decisions by Holders*), the Trustee shall promptly declare the Bonds terminated. The Trustee is however not liable to take action if the Trustee considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Trustee harmless from any loss or liability and, if requested by the Trustee in its discretion, grant sufficient security for such indemnity.
- 15.8 If the Bonds are declared due and payable in accordance with the provisions in this Clause 15, the Trustee shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 15.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 15 without relevant decision by the Trustee or following instructions from the Holders' pursuant to Clause 17 (*Decisions by Holders*).
- 15.10 If the Bonds are declared due and payable in accordance with this Clause 15, the Issuer shall redeem all Bonds with an amount per Bond equal to the applicable Call Option Amount for the relevant period (plus accrued but unpaid interest), and shall before the First Call Date be the price set out in paragraph (a) of the Call Option Amount definition (plus accrued but unpaid interest).

## **16. DISTRIBUTION OF PROCEEDS**

- 16.1 If the Bonds have been declared due and payable in accordance with Clause 15 (*Termination of the Bonds*):
- (a) if the Intercreditor Agreement has been entered into, all payments by the Issuer or the Guarantors (as applicable) relating to the Bonds and any proceeds received from an enforcement of the Transaction Security shall be distributed in accordance with the Intercreditor Agreement; and
  - (b) if the Intercreditor Agreement has not been entered into, all payments by the Issuer relating to the Bonds and any proceeds received from an enforcement of the Transaction Security shall be distributed in the following order of priority, in accordance with the instructions of the Trustee:
    - (i) *first*, in or towards payment *pro rata* of amounts owing to the Trustee under the Finance Documents, including all costs and indemnities relating to the acceleration of the Bonds, the enforcement of the Transaction Security or the Guarantees or the protection of the Holders' rights under the Finance Documents;
    - (ii) *secondy*, 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 Guarantors (as applicable). The application of proceeds in accordance with paragraphs (i) to (iv) above shall, however, not restrict a Holders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

- 16.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 16.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 16.1.
- 16.3 If the Issuer or the Trustee shall make any payment under this Clause 16, the Issuer or the Trustee, as applicable, shall notify the Holders 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 10.1 shall apply.

## **17. DECISIONS BY HOLDERS**

- 17.1 A request by the Trustee for a decision by the Holders on a matter relating to the Finance Documents shall (at the option of the Trustee) be dealt with at a Holders' Meeting or by way of a Written Procedure.
- 17.2 Any request from the Issuer or a Holder (or Holders) representing at least ten (10.00) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Trustee and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to the Finance Documents shall be directed to the Trustee and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Trustee. The Person requesting the decision may suggest the form for decision making, but if it is in the Trustee's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.
- 17.3 The Trustee may refrain from convening a Holders' Meeting or instigating a Written Procedure if (a) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Trustee that an approval will not be given, or (b) the suggested decision is not in accordance with applicable laws.
- 17.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 9 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:
  - (a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or
  - (b) on the Business Day specified in the communication pursuant to Clause 19.3, in respect of a Written Procedure,

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

- 17.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3:
- (a) waive a breach of or amend an undertaking set out in Clause 12.8 (*Special undertakings*);
  - (b) a release of the Transaction Security or the Guarantees in whole or in part, except *in accordance with the terms of the Security Documents, Guarantees and the Intercreditor Agreement* (if any);
  - (c) a mandatory exchange of Bonds for other securities;
  - (d) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
  - (e) amend any payment day for principal or Interest or waive any breach of a payment undertaking; or
  - (f) amend the provisions in this Clause 17.5 or Clause 17.6.
- 17.6 Any matter not covered by Clause 17.5 shall require the consent of Holders representing more than fifty (50.00) per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3. This includes, but is not limited to, any amendment to or waiver of the terms of any Finance Documents that does not require a higher majority (other than an amendment permitted pursuant to paragraph (a), (b) or (c) of Clause 20.1), or a termination of the Bonds or the enforcement of the Transaction Security or the Guarantees in whole or in part.
- 17.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Trustee in a Written Procedure, will prevail.
- 17.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least twenty (20.00) per cent. of the Adjusted Nominal Amount:
- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear *through* duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 17.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Trustee or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 18.1) or initiate a second Written Procedure (in accordance with Clause 19.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 17.8 shall not apply to such second Holders' Meeting or Written Procedure.

- 17.10 Any decision which extends or increases the obligations of the Issuer or the Trustee, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Trustee, under the Finance Documents shall be subject to the Issuer's or the Trustee's consent, as appropriate.
- 17.11 A Holder 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.
- 17.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under the Finance Documents, unless such consideration is offered to all Holders that consent at the relevant Holders' 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.
- 17.13 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.
- 17.14 All costs and expenses incurred by the Issuer or the Trustee for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Trustee, shall be paid by the Issuer.
- 17.15 If a decision shall be taken by the Holders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Trustee provide the Trustee with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Trustee shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.
- 17.16 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Trustee, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Trustee, as applicable.

## **18. HOLDERS' MEETING**

- 18.1 The Trustee shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons). If the Holder's Meeting has been requested by the Holder(s), the Trustee shall send a copy of the notice to the Issuer.
- 18.2 Should the Issuer want to replace the Trustee, it may convene a Holders' Meeting in accordance with Clause 18.1 with a copy to the Trustee. After a request from the Holders pursuant to Clause 21.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 18.1.

- 18.3 The notice pursuant to Clause 18.1 shall include:
- (a) time for the meeting;
  - (b) place for the meeting;
  - (c) agenda for the meeting (including each request for a decision by the Holders); and
  - (d) a form of power of attorney.
- Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 18.4 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 18.5 If the Trustee, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Trustee, the meeting shall be opened by a Person appointed by the requesting Person.
- 18.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Trustee may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.
- 18.7 Without amending or varying these Terms and Conditions, the Trustee may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Trustee may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

## **19. WRITTEN PROCEDURE**

- 19.1 The Trustee shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(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 Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Trustee shall send a copy of the communication to the Issuer.
- 19.2 Should the Issuer want to replace the Trustee, it may send a communication in accordance with Clause 19.1 to each Holder with a copy to the Trustee.
- 19.3 A communication pursuant to Clause 19.1 shall include (a) each request for a decision by the Holders, (b) a description of the reasons for each request, (c) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the

- communication pursuant to Clause 19.1), (d) 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 (e) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 19.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 19.4 If the Trustee, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.
- 19.5 When the requisite majority consents of the Adjusted Nominal Amount pursuant to Clauses 17.5 and 17.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17.5 or 17.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.
- 20. AMENDMENTS AND WAIVERS**
- 20.1 Subject to the terms of the Intercreditor Agreement, the Issuer and the Trustee (acting on behalf of the Holders) may agree to amend the Finance Documents or waive any provision in the Finance Documents, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
  - (c) such amendment or waiver is necessary for the purpose of listing the Bonds on a Regulated Market provided such amendment or waiver does not materially adversely affect the rights of the Holders; or
  - (d) such amendment or waiver has been duly approved by the Holders in accordance with Clause 17 (*Decisions by Holders*).
- 20.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- 20.3 The Trustee shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 20.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are available on the websites of the Issuer and the Trustee. The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- 20.4 An amendment or waiver to the Finance Documents shall take effect on the date determined by the Holders Meeting, in the Written Procedure or by the Trustee, as the case may be.

## **21. APPOINTMENT AND REPLACEMENT OF THE TRUSTEE**

### **21.1 Appointment of Trustee**

21.1.1 By subscribing for Bonds, each initial Holder:

- (a) appoints the Trustee to act as its agent and security in all matters relating to the Bonds and the Finance Documents, and authorises the Trustee 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 Holder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*), or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer including, for the avoidance of doubt, any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security or a Guarantee; and
- (b) confirms the appointment under the Intercreditor Agreement (if any) of the Security Agent to act as its agent in all matters relating to the Transaction Security, the Security Documents, the Guarantees and the Guarantee Agreement, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security or a Guarantee and acknowledges and agrees that the rights, obligations, role of and limitations of liability for the Security Agent is further regulated in the Intercreditor Agreement (if any).

21.1.2 By acquiring Bonds, each subsequent Holder confirms the appointment and authorisation for the Trustee and the Security Agent to act on its behalf, as set forth in Clause 21.1.1.

21.1.3 Each Holder shall immediately upon request by the Trustee provide the Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Trustee), as the Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Trustee is under no obligation to represent a Holder which does not comply with such request.

21.1.4 The Issuer shall promptly upon request provide the Trustee with any documents and other assistance (in form and substance satisfactory to the Trustee), that the Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.

21.1.5 The Trustee 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 Trustee's obligations as agent and security agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.

21.1.6 The Trustee may act as agent and/or security agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

### **21.2 Duties of the Trustee**

21.2.1 The Trustee shall represent the Holders in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security and the Guarantees pursuant to the Security Documents and the Guarantee Agreement on behalf of the Secured Parties and,



- where relevant, enforcing the Transaction Security or a Guarantee on behalf of the Holders. However, the Trustee is not responsible for the contents, execution, legal validity or enforceability of the Finance Documents. The Trustee shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Trustee.
- 21.2.2 The Trustee is not obliged to actively assess or monitor (i) the financial condition of the Issuer or any Group Company, (ii) the compliance by the Issuer of the Finance Documents (unless expressly set out in the Finance Documents) or (iii) whether an Event of Default (or any event that may lead to an Event of Default) has occurred or not. Until it has actual knowledge to the contrary, the Trustee is entitled to assume that no Event of Default has occurred.
- 21.2.3 The Trustee may assume that any information, documentation and evidence delivered to it is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Trustee does not have to verify or assess the contents of any such information, documentation or evidence. The Trustee does not review any information, documents and evidence from a legal or commercial perspective of the Holders.
- 21.2.4 The Trustee shall upon request by a Holder disclose the identity of any other Holder who has consented to the Trustee in doing so.
- 21.2.5 When acting in accordance with the Finance Documents, the Trustee is always acting with binding effect on behalf of the Holders. The Trustee shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 21.2.6 The Trustee is entitled to delegate its duties to other professional parties, but the Trustee shall remain liable for the actions of such parties under the Finance Documents.
- 21.2.7 The Trustee shall treat all Holders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Holders 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.
- 21.2.8 The Trustee shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Trustee may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 21.2.9 The Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Trustee pay all costs for external experts engaged (a) after the occurrence of an Event of Default, (b) for the purpose of investigating or considering an event which the Trustee reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Trustee reasonably believes may be detrimental to the interests of the Holders under the Finance Documents or (c) when the Trustee is to make a determination under the Finance Documents. Any compensation for damages or other recoveries received by the Trustee 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 16 (*Distribution of proceeds*).
- 21.2.10 The Trustee shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Trustee, as may be necessary in order for the Trustee to carry out its duties under the Finance Documents.
- 21.2.11 Notwithstanding any other provision of the Finance Documents to the contrary, the Trustee 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.
- 21.2.12 If in the Trustee's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Trustee) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Trustee 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.
- 21.2.13 The Trustee shall give a notice to the Holders (a) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Trustee under the Finance Documents, or (b) if it refrains from acting for any reason described in Clause 21.2.12.
- 21.2.14 The Trustee's duties under the Terms and Conditions are solely mechanical and administrative in nature and the Trustee only acts in accordance with the Terms and Conditions and upon instructions from the Holders, unless otherwise set out in the Terms and Conditions. In particular, the Trustee is not acting as an advisor (whether legal, financial or otherwise) to the Holders or any other person.
- 21.3 **Limited liability for the Trustee**
- 21.3.1 The Trustee will not be liable to the Holders 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 Trustee shall never be responsible for indirect loss.
- 21.3.2 The Trustee 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 Trustee or if the Trustee has acted with reasonable care in a situation when the Trustee considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- 21.3.3 The Trustee 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 Trustee to the Holders, provided that the Trustee has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Trustee for that purpose.
- 21.3.4 The Trustee shall have no liability to the Holders for damage caused by the Trustee acting in accordance with instructions of the Holders given in accordance with Clause 17 (*Decisions by Holders*).

21.3.5 Any liability towards the Issuer which is incurred by the Trustee 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 Holders under the Finance Documents.

21.3.6 The Trustee is not liable for information provided to the Holders by or on behalf of the Issuer or by any other person.

#### 21.4 **Replacement of the Trustee**

21.4.1 Subject to Clause 21.4.6, the Trustee may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Trustee at a Holders' Meeting convened by the retiring Trustee or by way of Written Procedure initiated by the retiring Trustee.

21.4.2 Subject to Clause 21.4.6, if the Trustee is insolvent or becomes subject to bankruptcy proceedings, the Trustee shall be deemed to resign as Trustee and the Issuer shall within ten (10) Business Days appoint a successor Trustee which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

21.4.3 A Holder (or Holders) representing at least ten (10.00) 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 Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Trustee and appointing a new Trustee. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Trustee be dismissed and a new Trustee appointed.

21.4.4 If the Holders have not appointed a successor Trustee within ninety (90) calendar days after (a) the earlier of the notice of resignation was given or the resignation otherwise took place or (b) the Trustee was dismissed through a decision by the Holders, the Issuer shall appoint a successor Trustee which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

21.4.5 The retiring Trustee shall, at its own cost, make available to the successor Trustee such documents and records and provide such assistance as the successor Trustee may reasonably request for the purposes of performing its functions as Trustee under the Finance Documents.

21.4.6 The Trustee's resignation or dismissal shall only take effect upon the appointment of a successor Trustee and acceptance by such successor Trustee of such appointment and the execution of all necessary documentation to effectively substitute the retiring Trustee.

21.4.7 Upon the appointment of a successor, the retiring Trustee shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Trustee. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Trustee.

21.4.8 In the event that there is a change of the Trustee in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Trustee may reasonably require for the purpose of vesting in such new Trustee the rights, powers and obligation of the Trustee and releasing the retiring Trustee from its further obligations under the Finance Documents. Unless the Issuer and the new Trustee agrees otherwise, the new Trustee shall be entitled to the same fees and the same indemnities as the retiring Trustee.

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

22.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.

22.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

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

23.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.

23.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Holder or the listing of the Bonds listed on a Regulated Market. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).

## **24. NO DIRECT ACTIONS BY HOLDERS**

24.1 A Holder may not take any steps whatsoever against the Issuer or a Subsidiary (including a Guarantor) 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 (*Sw. företagsrekonstruktion*) or bankruptcy (*Sw. konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or another Group Company in relation to any of the liabilities of the Issuer or a Subsidiary (including a Guarantor) under the Finance Documents. Such steps may only be taken by the Trustee.

24.2 Clause 24.1 shall not apply if:

- (a) the Trustee has been instructed by the Holders 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 Holder to provide documents in accordance with Clause 21.1.2), such actions within a reasonable period of time and such failure or inability is continuing; or

- (b) the Security Agent has been instructed by the Instructing Group (as defined in the Intercreditor Agreement (if any)) in accordance with the Intercreditor Agreement (if any) to enforce the Transaction Security but is legally unable to take such enforcement actions,

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 Trustee under the Finance Documents or by any reason described in Clause 21.2.12, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.13 before a Holder may take any action referred to in Clause 24.1.

- 24.3 The provisions of Clause 24.1 shall not in any way limit an individual Holder's right to claim and enforce payments which are due to it under Clause 12.5 (*Mandatory repurchase due to a Change of Control Event or a Listing Failure (put option)*) or other payments which are due by the Issuer to some but not all Holders.

## **25. TIME-BAR**

- 25.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred 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 Holders' right to receive payment has been time-barred and has become void.

- 25.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*Sw. preskriptionslag (1981:130)*), a new time-bar 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 the right to receive payment of Interest (excluding capitalised Interest) will commence, in both cases calculated from the date of interruption of the time-bar period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## **26. NOTICES AND PRESS RELEASES**

### **26.1 Notices**

- 26.1.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:

- (a) if to the Trustee, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address as notified by the Trustee to the Issuer from time to time;

- 26.1.2 if to the Issuer, shall be given at the address CIPP Technology Solutions A/S, Avderødvej 27 C, 2980 Kokkedal, Denmark or, if sent by email by the Trustee, to such email address as notified by the Issuer to the Trustee from time to time;

- 26.1.3 if to a Guarantor, shall be given to the address stated in the relevant Guarantee or such other address notified by such Guarantor to the Trustee from time to time or, if sent by email by the Trustee, to such email address as notified by that Guarantor to the Trustee from time to time; and

- 26.1.4 if to the Holders, shall be given at their addresses as registered with the CSD (or in relation to courier or personal delivery, if such address is a box address, the addressee reasonably assumed to be associated with such box address), on the Business Day prior to dispatch, and by either courier delivery or letter for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Trustee.
- 26.1.5 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Trustee and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 26.1.1 or, in case of email to the Trustee or the Issuer, when received in legible form by the email address specified in Clause 26.1.1.
- 26.1.6 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

## 26.2 **Press releases**

- 26.2.1 Any notice that the Issuer or the Trustee shall send to the Holders pursuant to Clauses 12.3, 12.5, 14.10(e), 15.6, 16.3, 17.16, 18.1, 19.1, 20.3, 21.2.13 and 21.4.1 shall also be published by way of press release by the Issuer or the Trustee, as applicable.
- 26.2.2 In addition to Clause 26.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice that the Trustee may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Trustee shall before it sends such information to the Holders 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 Trustee considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Trustee shall be entitled to issue such press release.

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

- 27.1 Neither the Trustee 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 Trustee or the Issuing Agent itself takes such measures, or is subject to such measures.
- 27.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 27.3 Should a Force Majeure Event arise which prevents the Trustee or the Issuing Agent from taking any action required to comply with the Finance Documents, such action may be postponed until the obstacle has been removed.
- 27.4 The provisions in this Clause 27 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

**28. GOVERNING LAW AND JURISDICTION**

- 28.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 28.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 28.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 28.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Trustee (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

We hereby certify that the above Terms and Conditions are binding upon ourselves.

Place:

**The Issuer**

CIPP Technology Solutions A/S

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

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

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

Place:

**The Trustee**

Nordic Trustee & Agency AB (publ)

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

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



## SCHEDULE 1 INTERCREDITOR TERM SHEET

### Intercreditor Term Sheet

Up to EUR 50,000,000 Senior Secured Callable Bonds 2018/2021 (the “**Bonds**”)  
ISIN SE0010921999 and EUR 4,000,000 super senior working capital facility  
agreement

This intercreditor term sheet should be read together with the terms and conditions for the Bonds (the “**Terms and Conditions**”). Unless otherwise defined in this Term Sheet, terms defined in the Terms and Conditions shall have the same meanings when used in this Term Sheet.

**General:** To establish the relative rights of creditors under various financing arrangements, the Intercreditor Agreement will be entered into by:

1. the Issuer, CIPP Technology Holding ApS and Impreg GmbH (the “**Original ICA Group Companies**”);
2. Nordic Trustee & Agency AB (publ), acting as security agent (on behalf of the Secured Parties) (the “**Security Agent**”);
3. Nordic Trustee & Agency AB (publ), acting as Bonds agent (on behalf of the Bondholders) (the “**Bonds Agent**”);
4. Sydbank A/S, as lender under the Super Senior WCF Documents (the “**Super Senior WCF Creditor**”);
5. Sydbank A/S, as lender under the Sydbank Loan; and
6. Sydbank A/S as hedge counterparty (the “**Original Hedge Counterparty**”),

and any other Person (i) providing refinancing or assuming rights or obligations with respect to, any of the Secured Obligations, (ii) providing secured or unsecured Financial Indebtedness which in accordance with the Senior Finance Documents and subject to the terms of the Intercreditor Agreement shall be ranked *pari passu* to the Bonds or (iii) being a Group Company providing security for the Secured

Obligations, shall accede to the Intercreditor Agreement (without being required to obtain any prior consent from any other party to the Intercreditor Agreement).

The Intercreditor Agreement shall be governed by Swedish law.

**Background:**

The security securing the Secured Parties will (to the extent permitted by applicable law and practically possible) be a single security package which will be held pursuant to relevant law and intercreditor arrangements, and the Security Agent will be appointed as initial security agent to hold the security on behalf of the Secured Parties. The waterfall arrangements in the Intercreditor Agreement will reflect the ranking of the liabilities owed by the ICA Group Companies to the Secured Parties, as set out in this Term Sheet. The Intercreditor Agreement will incorporate, amongst others, the principles set out in the following paragraphs.

**Definitions:**

**“Bonds Finance Documents”** means the Terms and Conditions, the Trustee Agreement, the Security Documents, the Intercreditor Agreement and any other document designated to be a Bonds Finance Document by the Issuer and the Trustee.

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

**“Enforcement Action”** means any action of any kind to:

- (a) demand payment which has fallen due, declare prematurely due and payable or otherwise seek to accelerate payment of or place on demand all or any part of any Debt or Guarantee (other than as a result of it becoming unlawful for a Secured Party to perform its obligations under, or of any voluntary or mandatory prepayment under, the Senior Finance Documents);

- (b) recover all or any part of any Debt (including by exercising any set-off, save as required by law and normal netting and set-off transactions in the ordinary course of business);
- (c) exercise or enforce any enforcement right under the Transaction Security, in each case granted in relation to (or given in support of) all or any part of any Debt;
- (d) petition for (or take or support any other step which may lead to) an Insolvency Event;
- (e) sue, claim or bring proceedings against the Issuer, any Guarantor or any ICA Group Company in respect of recovering any Debt; or
- (f) in relation to any Hedging Obligation only, designate an Early Termination Date (as defined in the relevant Hedging Agreement) under any Hedging Agreement, or terminate, or close out any transaction under, any Hedging Agreements, prior to its stated maturity, or demand payment of any amount which would become payable on or following an Early Termination Date (as defined in the relevant Hedging Agreement) or any such termination or close-out, unless voluntary or in accordance with a partial termination in accordance with the terms of the Senior Finance Documents and not related to any default.

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

“**Guarantee**” means the guarantees provided under the Guarantee Agreement to the Secured Parties.

“**Guarantee Agreement**” means the agreement entered into between the Guarantors and the Security Agent on or about the Issue Date pursuant to which the Guarantors grant the Guarantees and adhere to the restrictions set forth in the Terms and Conditions (as applicable).

**“Hedge Counterparty”** means (i) the Original Hedge Counterparty and (ii) any person who is or becomes a hedge counterparty pursuant to any Hedging Agreement and has acceded to the Intercreditor Agreement.

**“Hedging Agreement”** means any master agreement, confirmation, schedule or other agreement entered into or to be entered into by an ICA Group Company and a Hedge Counterparty in connection with protection against or benefit from fluctuation in any rate (including currency) or price, in respect of payments to be made under the Terms and Conditions, the Super Senior Documents or any New Debt Documents (but not a derivative transaction for investment or speculative purposes).

**“Hedging Obligations”** means all present and future moneys, debts and liabilities due, owing or incurred from time to time by any Obligor to any Hedge Counterparty under or in connection with any Hedging Agreement.

**“ICA Group Companies”** means the Original ICA Group Companies and any other Group Company and/or entity which has acceded to the Intercreditor Agreement pursuant to the Senior Finance Documents.

**“Insolvency Event”** means, in relation to a member of the Group, any corporate action, legal proceedings or other procedure or step that is taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, bankruptcy, administration or corporate reorganization of any Group Company (other than a solvent liquidation that is permitted under the Senior Finance Documents);
- (b) 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, (ii) proceedings or petitions concerning a claim which is less than EUR 1,000,000, and (iii), in relation to Subsidiaries of the Issuer, solvent liquidations) in relation to (A) the

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

- (c) any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company.

**“Intercompany Debt”** means any intercompany loan between members of the Group that shall be subordinated in accordance with the Intercreditor Agreement, excluding any intercompany loans that are pledged to the Secured Parties.

**“New Debt”** means Financial Indebtedness incurred pursuant to item (h) in the definition of Permitted Debt in the Term Sheet.

**“Payment Block Event”** means that the Super Senior Representative serves:

- (a) a written notice to the Issuer, the Security Agent, the Bonds Agent and any New Debt creditor or (if the New Debt creditor is represented by a New Debt agent) the New Debt agent that an event of default (however described and, for the avoidance of doubt, after the expiration of any applicable grace period in respect of the default giving rise to that event of default) relating to any of the following events or circumstances has occurred under the Super Senior WCF or Sydbank Loan:
  - (i) non-payment;
  - (ii) a breach of financial covenants;
  - (iii) a breach of any undertaking constituting a negative pledge or a restriction on incurrence of financial indebtedness, loans out or disposals;
  - (iv) a cross default;

- (v) insolvency;
  - (vi) insolvency proceedings;
  - (vii) creditor's process;
  - (viii) impossibility or illegality; or
  - (ix) cessation of business; or
- (b) a written notice of acceleration to the Issuer, the Security Agent, the Bonds Agent and any New Debt creditor or (if the New Debt creditor is represented by a New Debt agent) the New Debt agent.

**“Representatives”** means the Super Senior Creditors and the Senior Representative.

**“Secured Obligations”** means all obligations of the Group outstanding from time to time under the Senior Finance Documents, both actual and contingent.

**“Secured Parties”** means the Bonds Agent, the Security Agent and the creditors under the Senior Finance Documents, provided in the case of any New Creditor that such New Creditor has acceded to the Intercreditor Agreement.

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

**“Senior Creditor”** means the Bondholders and any New Creditor (as defined below) acceding to the Intercreditor Agreement as a Senior Creditor.

**“Senior Debt”** means all indebtedness outstanding under the Bonds Finance Documents and any document relating to any New Debt (as defined below).

**“Senior Finance Documents”** means the Bonds Finance Documents, the Super Senior Documents, the Hedging Agreements and any documents relating to any New Debt.

**“Shareholder Creditor”** means any creditor being a direct or indirect shareholder of the Issuer which shall be subordinated pursuant to the Intercreditor Agreement.

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

**“Super Senior Creditors”** means the Super Senior WCF Creditor, Sydbank A/S as creditor under the Sydbank Loan and the Hedge Counterparty.

**“Super Senior Debt”** means all indebtedness outstanding under the Super Senior Documents and the Hedging Agreements.

**“Super Senior Documents”** means the Super Senior WCF Documents and the Sydbank Loan.

**“Super Senior WCF”** means any working capital facility provided by the Super Senior WCF Creditor for the general corporate purposes of the Group in the maximum aggregate nominal amount of EUR 4,000,000 (or its equivalent in any other currency or currencies).

**“Super Senior WCF Documents”** means the Super Senior WCF, the Intercreditor Agreement and the Security Documents.

**“Sydbank Loan”** means the debt to Sydbank A/S in a nominal DKK amount equivalent to approximately EUR 1,045,000 secured by a guarantee issued by EKF, the Danish export credit organization.

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

“**Triggering Event**” means:

- (a) the occurrence of an event of default (however described) under any Senior Finance Document; or
- (b) a breach of any financial covenant under the Super Senior Documents.

**Ranking and priority:**

Each of the parties to the Intercreditor Agreement will agree that the Secured Obligations owed by the ICA Group Companies to the Secured Parties and the other relevant parties shall rank in all respects in right and priority of payment in the following order:

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

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

A Group Company may grant Security and guarantees for New Debt to other provider(s) of Financial Indebtedness (a “**New Creditor**”) provided that:

- (a) (i) the New Debt shares in the Transaction Security and the Guarantees, and/or (ii) such Security and guarantees which are not Transaction Security or Guarantees are granted also to the Secured Parties (including the New Creditor), in each case on a *pro rata* basis; and
- (b) the New Creditor shall accede to the Intercreditor Agreement as a Senior Creditor and the New Debt shall rank as Senior Debt pursuant to the terms of the Intercreditor Agreement;

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



**Hedging  
arrangements:**

The Intercreditor Agreement will contain customary provisions regarding the hedging arrangements and the rights and obligations of the Hedge Counterparties, including without limitation (i) certain qualification requirements for Hedge Counterparties, (ii) any hedging agreement to be based on the 1992 or 2002 ISDA Master Agreement or any other framework which is similar in terms and effect and contain provisions regarding *inter alia* application of “Second Method” in case of termination event or event of default and provisions regarding “Automatic Early Termination” (or provisions similar in terms and effect), (iii) no voting rights and no enforcement rights for Hedge Counterparties, and (iv) restrictions on over-hedging.

**Subordination of  
Intercompany  
Debt:**

Any Intercompany Debt shall, subject to applicable customary limitations including as required by the capital maintenance requirements under German corporate law and similar restrictions under Danish law, be subordinated to the Secured Obligations (including with respect to maturity). The Intercreditor Agreement shall include provisions for turnover of payments received under any Intercompany Debt in conflict with this Term Sheet or the intercreditor principles which will be set out in the full Intercreditor Agreement. Repayment of principal and payment of interest on Intercompany Debt not being subject to Transaction Security shall be allowed up until a Triggering Event. Payment of interest, but not repayment of principal, on Intercompany Debt subject to Transaction Security shall be allowed up until a Triggering Event. However, provided that payment of principal and interest on Intercompany Debt shall always be permitted if made for the purpose of serving Debt to the Secured Parties and such payment is made directly to the Secured Parties (represented by the Security Agent) for repayment of principal or payment of interest on such Debt owed to the Secured Parties.

**Subordination of  
Shareholder Debt:**

Any Shareholder Debt shall be subordinated to the Secured Obligations and any repayment of, or payment of interest under, any Shareholder Debt shall be subject to all Secured

Obligations having been discharged in full (other than as permitted by the Senior Finance Documents). The Intercreditor Agreement shall include provisions for turnover of payments received under any Shareholder Debt in conflict with this Term Sheet or the intercreditor principles which will be set out in the full Intercreditor Agreement.

The Shareholder Creditors shall (i) not consent to or receive any repayment of, or payment of interest under, any Shareholder Debt, (ii) not propose or consent to amendment of terms of any Shareholder Debt, and (iii) ensure that any Shareholder Debt remains fully subordinated to the Secured Obligations.

**Replacement of debt:**

The Issuer shall (after prior approval from the Super Senior WCF Creditor) from time to time be entitled to replace the Super Senior WCF in full or in part with one or several new debt facilities for general corporate purposes and/or working capital purposes, provided that:

- (a) the Transaction Security shall secure the new debt on the same terms, *mutatis mutandis*, as it secures the Super Senior WCF, including the terms of the Intercreditor Agreement;
- (b) the new creditor(s) shall directly or through an agent or a trustee be a party to the Transaction Security;
- (c) the Security Agent shall hold the Transaction Security on behalf of the new creditors on the same terms, *mutatis mutandis*, as the Transaction Security is held by the Security Agent on behalf of the Secured Parties;
- (d) the new creditor(s) shall directly or through an agent or a trustee be a party to the Intercreditor Agreement; and
- (e) the new creditor(s) shall have the same right to the Transaction Security the Guarantees and the proceeds pertaining thereto as the previous Super Senior WCF Creditor.

Provided that the terms set out above are complied with, the Security Agent may from time to time, at the request of

the Issuer, amend vary and/or restate the Transaction Security on behalf of itself and the Secured Parties in order to release Security provided to an existing Secured Party (with the prior consent of such existing Secured Party) and/or to create Security in favour of a new creditor(s).

**Cancellation of Super Senior WCF:**

To the extent the Issuer repurchases, amortises or otherwise repays the Bonds whereby the aggregate Nominal Amount of Bonds outstanding falls below seventy-five (75) per cent. of the aggregate Initial Nominal Amount, the debt outstanding under the Super Senior WCF Creditor may demand repayment and cancellation of the Super Senior WCF *pro rata* with such repurchase, amortisation or other repayment.

**Limitation on Secured Obligations and subordination:**

All Transaction Security, Guarantees and subordination provisions in the Intercreditor Agreement shall be subject to applicable customary limitation language and parallel debt language (as applicable).

**Appointment of security agent and power of attorney:**

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

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

**New security:**

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

**Release of Transaction Security and Guarantees:**

The Security Agent may at any time, acting on instructions of the Secured Parties, release the Transaction Security and the Guarantees in accordance with the terms of the Security Documents, the Guarantee Agreement and the Intercreditor Agreement. For the avoidance of doubt any Transaction

Security or Guarantee will always be released *pro rata* between the Senior Creditors and the Super Senior Creditors and the remaining Transaction Security will continue to rank *pari passu* between the Senior Creditors and the Super Senior Creditors as set forth in the Security Documents and the Intercreditor Agreement.

**Enforcement:**

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

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

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

satisfaction of the Super Senior Creditors and/or, if appropriate, confirmed by independent valuation agencies).

- (v) The Security Agent is entitled to rely on and comply with instructions given in accordance with this paragraph (a).

(b) **Consultation**

- (i) If either the Super Senior Creditors or the Senior Representative wishes to issue Enforcement Instructions, such Representative shall deliver a copy of those proposed Enforcement Instructions (an “**Enforcement Proposal**”) to the Security Agent and the Security Agent shall promptly forward such Enforcement Proposal to the other Representative.
- (ii) Subject to paragraph (b)(iii) below, if the Security Agent has received Conflicting Enforcement Instructions, the Security Agent shall promptly notify the Representatives and the Representatives will consult with each other and the Security Agent (as the case may be) in good faith for a period of not less than 30 days (or such shorter period as the Representatives may agree) (the “**Consultation Period**”) from the earlier of (A) the date of the latest such Conflicting Enforcement Instruction and (B) the date falling ten (10) Business Days after the date on which the original Enforcement Proposal is delivered in accordance with paragraph (b)(i) above, with a view to agreeing instructions as to enforcement.
- (iii) The Representatives shall not be obliged to consult (or, in the case of (B) below, shall be obliged to consult for such shorter period as the Instructing Party may determine) in accordance with paragraph (b)(ii) above if:
  - (A) the Transaction Security or the Guarantees have become enforceable as a result of an Insolvency Event; or
  - (B) each of the Super Senior Creditors, the Bondholders (represented by the Bonds

Agent), the Hedge Counterparty and any New Creditor, if any, agree that no Consultation Period is required.

- (iv) If consultation has taken place during the Consultation Period there shall be no further obligation to consult and the Security Agent may act in accordance with the instructions as to enforcement then or previously received from the Instructing Party and the Instructing Party may issue instructions as to enforcement to the Security Agent at any time thereafter.
  - (v) If (A) no enforcement instructions have been issued to the Security Agent from the Instructing Party within three (3) months from the end of the Consultation Period, or (B) no proceeds from an enforcement of the Transaction Security or the Guarantees have been received by the Security Agent within six (6) months from the end of the Consultation Period, then the Super Senior Creditors shall become the Instructing Party and be entitled to give Enforcement Instructions for a period of three (3) months.
  - (vi) If a Secured Party (acting reasonably) considers that the Security Agent is enforcing the Security in a manner which is not consistent with the Security Enforcement Objective, such Secured Party shall give notice to the other Secured Parties after which the Representatives and the Security Agent shall consult for a period of twenty (20) days (or such lesser period that the Secured Parties may agree) with a view to agreeing on the manner of enforcement.
- (c) **Miscellaneous**
- (i) Upon an enforcement of the Transaction Security, the proceeds shall be distributed in accordance with the Application of Enforcement Proceeds set out below.
  - (ii) Any Enforcement Action required to be taken by the Representative in accordance with agreed Enforcement Instructions pursuant to paragraph (b) above, shall be taken by such

Representative at the request of the Security Agent.

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

**“Conflicting Enforcement Instructions”** means instructions (or proposed instructions) as to enforcement of the Transaction Security or the taking of any Enforcement

Action delivered to the Security Agent by a Representative that are inconsistent as to the manner of enforcement (including any inconsistency as to the timeframe for realising value from an enforcement of the Transaction Security or the Guarantees or a distressed disposal), it being understood that, for the purpose of triggering the consultation requirements under paragraph (b)(ii) above only and not for any other purpose (including, without limitation, determining the Instructing Party), the failure to give instructions by either the Super Senior Creditors or Senior Representative will be deemed to be an instruction inconsistent with any other instructions given.

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

**“Senior Representative”** means, at any time, those Senior Creditors whose Senior Debt at that time aggregate more than 50 per cent. of the total Senior Debt at that time. The Bonds Agent shall represent all Bondholders and act on the instructions of and on behalf of the Bondholders.

**“Instructing Party”** means the Senior Representative or, following replacement in accordance with paragraph (b)(v) above, the Super Senior Creditors.

**Application of  
Enforcement  
Proceeds:**

The proceeds of any Enforcement Action (including but not limited to any proceeds received from any direct or indirect realisation or sale by the Security Agent of any assets being subject to Transaction Security, payments under any Guarantee or proceeds received in connection with bankruptcy or other insolvency proceedings) shall be paid to the Security Agent for application in the following order:



- (a) *firstly*, in or towards payment *pro rata* of unpaid fees, costs, expenses and indemnities payable by any Group Company to the Security Agent;
- (b) *secondly*, in or towards payment *pro rata* of unpaid fees, costs, expenses and indemnities payable by any Group Company to the Issuing Agent, the Super Senior Creditors, the Bonds Agent and any agent representing creditors of any New Debt;
- (c) *thirdly*, towards payment *pro rata* of accrued interest unpaid under the Super Senior 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 Intercompany Debt;
- (i) *ninthly*, after the Final Discharge Date, towards payment *pro rata* of accrued interest unpaid and principal under the Shareholder Debt; and
- (j) *tenthly*, after the Final Discharge Date, in payment of the surplus (if any) to the relevant ICA Group Company or other person entitled to it.

**Turnover:**

The Intercreditor Agreement shall include provisions for turnover of funds in the event of any creditor receiving payment in conflict with this Term Sheet or the intercreditor principles which will be set out in the full

Intercreditor Agreement, after action has been initiated to enforce the Transaction Security, any Guarantee or other Enforcement Action. The payment waterfall provisions shall apply regardless of any Transaction Security or Guarantee not being (for whatever reason) valid or enforceable in respect of the relevant Secured Party. Any funds payable to the Security Agent under the turnover provisions that have not been paid to the Security Agent shall be considered in the waterfall provisions.

**Payment Block:** Following a Payment Block Event and for as long as it is continuing or up until a written notice from the Super Senior Creditors to the Security Agent to the contrary, no payments may be made under the Bonds Finance Documents or the New Debt documents (notwithstanding any other provisions to the contrary herein) (a “**Payment Block**”), except for in accordance with Section “*Application of Enforcement Proceeds*”. For the avoidance of doubt, the failure by the Issuer to make any timely payments due under the Bonds or the New Debt shall constitute an Event of Default under the relevant Debt Documents and the unpaid amount shall carry default interest in accordance with the relevant Debt Document.

Upon the occurrence of a Payment Block, any amounts paid or recovered under the Bonds Finance Documents or the New Debt documents shall be paid to the Security Agent and applied in accordance with Section “*Application of Enforcement Proceeds*” above.

**Exercise of voting rights:**

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

**Modifications:** Each Secured Party may amend or waive the terms of the Senior Finance Documents for the Secured Obligations owed to such Secured Party (other than the Intercreditor Agreement or any Transaction Security documents) in accordance with their terms at any time.

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

The prior consent of the Secured Parties is required to authorize any amendment or waiver of, or consent under, any Transaction Security which would affect the nature or scope of the security assets or the manner in which the proceeds of enforcement of the Transaction Security are distributed.

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

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## Addresses

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