

23 January 2024

**To the bondholders in:**

**ISIN: SE0012827996 – Ellos Group AB (publ) SEK 1,500,000,000 Senior Secured Callable Floating Rate Bonds 2019/2024**

**NOTICE OF WRITTEN PROCEDURE – REQUEST FOR CONSENT AND TO AMEND THE TERMS AND CONDITIONS AND THE INTERCREDITOR AGREEMENT**

**This voting request for procedure in writing has been sent on 23 January 2024 to Bondholders directly registered as of 22 January 2024 in the debt register (*skuldbok*) kept by the CSD. If you are an authorised nominee under the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) or if you otherwise are holding Bonds on behalf of someone else on a Securities Account, please forward this notice to the Bondholder you represent as soon as possible. For further information, please see below under Section 6.3 (*Voting rights and authorisation*).**

**KEY INFORMATION**

**Written Procedure**

Record Date for being eligible to vote:	29 January 2024
Deadline for voting:	15:00 CET on 9 February 2024
Quorum requirement:	At least twenty (20.00) per cent. of the Adjusted Nominal Amount
Majority requirement:	At least two thirds ( $\frac{2}{3}$ ) of the Adjusted Nominal Amount for which Bondholders reply in this Written Procedure

**New Super Senior Bond Issue**

Record Date for being eligible to subscribe for New Super Senior Bonds	29 January 2024
Deadline for subscribing for New Super Senior Bonds	17:00 CET on 30 January 2024

Nordic Trustee & Agency AB (publ) acts as agent (the “**Agent**”) for the holders of the bonds (the “**Bondholders**”) in the abovementioned bond issue with an aggregate amount outstanding of SEK 1,500,000,000 (the “**Bonds**”) issued by Ellos Group AB (publ), a public limited liability company incorporated in Sweden with Reg. No. 559175-1325, (the “**Issuer**”). In its capacity as Agent, and as requested by the Issuer, the Agent hereby initiates a procedure in writing (the “**Written Procedure**”) as required by the Terms and Conditions (as defined below), whereby Bondholders can vote for or against the Request (as defined below).

All capitalised terms used herein and not otherwise defined in this notice (the “**Notice**”) shall have the meanings assigned to them in the terms and conditions for the Bonds (the “**Terms and Conditions**”).

The Request (as defined below) is presented to the Bondholders by the Issuer, without any evaluation, advice or recommendations from the Agent whatsoever. The Agent has not reviewed or assessed this notice or the Request (and their effects, should they be adopted) from a legal or commercial perspective of the Bondholders and the Agent expressly disclaims any liability whatsoever related to the content of this notice

and the Request (and their effects, should they be adopted). The Bondholders are recommended to seek legal advice in order to independently evaluate whether the Request (and its effects) is acceptable or not.

**PRIOR TO VOTING IN THIS WRITTEN PROCEDURE OR SUBSCRIBING FOR NEW SUPER SENIOR BONDS, EACH BONDHOLDER SHOULD CAREFULLY REVIEW AND ASSESS THE RISK FACTORS SET OUT IN SCHEDULE 5 (RISK FACTORS).**

Bondholders participate in the Written Procedure by completing and sending the voting form, attached hereto as Schedule 1 (the “**Voting Form**”), and, if applicable, the power of attorney/authorisation, attached hereto as Schedule 2 (the “**Power of Attorney**”) or other sufficient evidence, if the Bonds are held in custody other than by the CSD, to the Agent. Please contact the securities firm you hold your Bonds through if you do not know how your Bonds are registered or if you need authorisation or other assistance to participate.

The Agent must receive the Voting Form no later than 15.00 CET on 9 February 2024 either by mail, courier or email to the Agent using the contact details set out in Section 6.9 (*Address for sending replies*) below. Votes received thereafter may be disregarded. Nominees should send through Voting Forms on an ongoing basis.

To be eligible to participate in the Written Procedure, a person must meet the criteria for being a Bondholder on 29 January 2024 (the “**Record Date**”). This means that the person must be registered on a Securities Account with the CSD, as a direct registered owner (*direktregistrerad ägare*) or authorised nominee (*förvaltare*) with respect to one or several Bonds.

## 1. BACKGROUND

In connection with the issuance of the Bonds, the Issuer, the Original Shareholder Creditor, the Original Super Senior RCF Creditor, the Original Hedge Counterparty, the Original Super Senior Agent, the Original Bonds Agent, the Original Security Agent and the Original ICA Group Companies entered into an Intercreditor Agreement, dated 26 November 2019 (the “**Intercreditor Agreement**”), to regulate the priority of interests between the different stakeholders in the Issuer and its Subsidiaries (the “**Group**”).

As previously communicated to the Bondholders, and notwithstanding the increased profitability of the Group, the Issuer deems that it, in view of the current market conditions, is likely not possible to complete a refinancing of its existing revolving credit facility (the “**RCF**”) with a bank or financial institution prior to the RCF falling due in January 2024. To ensure uninterrupted operational performance and access to financing the Issuer has on the date of this notice launched an issue of SEK 250,000,000 super senior secured callable fixed rate bonds (the “**New Super Senior Bonds**”) (the “**New Super Senior Bond Issue**”). The proceeds from the New Super Senior Bond Issue will be used to refinance the RCF in full. Bondholders representing 49.2 per cent. of the Adjusted Nominal Amount of the Bonds have undertaken to subscribe for New Super Senior Bonds issued in the New Super Senior Bond Issue.

To enable the New Super Senior Bond Issue and to optimise cash management in the Group when the available commitments under the RCF is replaced with drawn amounts under the New Super Senior Bonds, the Issuer deems it necessary to make certain amendments to the Terms and Conditions, including an amendment of the minimum liquidity covenant, and the Intercreditor Agreement.

Each Bondholder must make its own determination as to the risks relating to the Request and is recommended to consult relevant advisers.

## 2. REQUEST FOR CONSENTS AND AMENDMENTS IN RESPECT OF THE FINANCE DOCUMENTS

### 2.1 Request

Based on the information set out above, the Issuer hereby requests that the Bondholders approve to amend and/or waive (as applicable) the terms of the Finance Documents in accordance with the below proposed amendments (the “**Request**”). If the Request is approved in the Written Procedure, the Bondholders irrevocably authorise and assign to the Agent, or whoever the Agent appoints in its place, to, on the Bondholders’ behalf, do all such acts and things and to execute such other agreements or documents as may be necessary or desirable to give effect to the Request and take any and all measures and actions that are deemed necessary in order to implement the Request.

#### 2.1.1 Terms and Conditions

Pursuant to the Request, the Issuer seeks approval to amend the Terms and Conditions substantially in accordance with Part 2 (*Changes to the Existing Bond Issue*) of the term sheet attached hereto as Schedule 3. For ease of reference, the proposed amendments to the Terms and Conditions include, among other things:

- (a) amendments to ensure that the New Super Senior Bond Issue is permitted under the Terms and Conditions;
- (b) amendments to clarify restrictions on dealings with related parties;
- (c) amendments to the definition of “Permitted Financial Indebtedness” to clarify restrictions on drawings of any Capex Facility, Advance Purchase Agreements and guarantees in respect of Advance Purchase Agreements and that financial indebtedness between Group Companies is permitted;
- (d) amendments to the definition of “Permitted Security” to cater for security arrangements to be entered into in connection with the refinancing of the Super Senior RCF;
- (e) the maintenance test covenant is reduced to SEK 1,000,000;
- (f) a customary holding company undertaking is included in respect of the Issuer to increase the value of the security;
- (g) the clean down period covenant is waived in respect of the New Super Senior Bond Issue, since the super senior bonds cannot be repaid and redrawn; and
- (h) amendments to the provisions on Transaction Security and Agreed Security Principles to cater for, inter alia, an increased security package and the sharing of security between the Bonds and the New Super Senior Bonds Issue.

#### 2.1.2 Intercreditor Agreement

Pursuant to the Request, the Issuer seeks approval to amend the Intercreditor Agreement substantially in accordance with Part 3 (*Changes to the Intercreditor Agreement*) of the term sheet attached hereto as Schedule 3. For ease of reference, the proposed amendments to the Intercreditor Agreement include, inter alia:

- (a) a call option in favour of the holders of the Bonds allowing them to purchase the super senior bonds for cash considerations at 102 per cent. of the nominal amount outstanding if an event of default has occurred and is continuing pro rata to their respective holdings;
- (b) amendments to the provisions relating to enforcement and enforcement instructions to clarify the mechanics for agreeing on means for enforcing the security which is shared

between the Bonds and the New Super Senior Bonds and delete the consultation period for the Bondholders in relation to the Super Senior Creditors; and

- (c) a one time waiver to allow for the refinancing of the RCF with the New Super Senior Bond Issue.

### 3. VOTING UNDERTAKINGS

The Agent has been informed that Bondholders representing 51.27 per cent. of the Adjusted Nominal Amount of the Bonds have signed voting undertakings to vote in favour of the Request.

### 4. NEW SUPER SENIOR BOND ISSUE

#### 4.1.1 Background

Subject to the approval of the Requests in the Written Procedure, the Issuer shall raise new money by way of an issue of the New Super Senior Bonds with an aggregate nominal amount of SEK 250,000,000, a tenure of one year and a fixed rate of 10 per cent. *per annum*. Bondholders representing 49.2 per cent. of the Adjusted Nominal Amount of the Bonds have undertaken to subscribe for New Super Senior Bonds issued in the New Super Senior Bond Issue in an amount of SEK 250,000,000 (the "**Underwriting Bondholders**").

The New Super Senior Bonds will share security with the Bonds and will rank super senior to the Bonds under the Intercreditor Agreement as Super Senior Debt.

The New Super Senior Bonds will be applied towards financing general corporate purposes of the Group, including granting cash collateral for ancillary services such as bank guarantees. The New Super Senior Bonds will have a second priority to the security provided to such ancillary services provider, initially an account pledge and a SEK 120,000,000 business mortgage, as further set out in the New Super Senior Bonds Terms (as defined below).

The New Super Senior Bonds will be offered to each Bondholder *pro rata* to their holdings of Bonds at the Record Date as further described in Section 4.1.2 (*Offer to participate in the New Super Senior Bond Issue*) below.

The proposed key terms for the New Super Senior Bonds are substantially as set out in Part 1 (*The Super Senior Bond Issue*) of the term sheet attached hereto as Schedule 3 (the "**New Super Senior Bonds Terms**"). All Bondholders are strongly encouraged to review and consider the New Super Senior Bonds Terms and the risk factors relating thereto and set out in Schedule 5.

#### 4.1.2 Offer to participate in the New Super Senior Bond Issue

Bondholders are hereby invited to subscribe for participation in the New Super Senior Bonds. The New Super Senior Bonds will be offered to the Bondholders *pro rata* to their share of the Bonds.

Subscription to participate in the New Super Senior Bond Issue can be made during the period 23 January 2024 – 30 January 2024 (17.00 CET) in accordance with the instructions set out below.

To subscribe to participate in the New Senior Secured Bonds the following actions must be taken:

- (a) complete and deliver the subscription form (authorised signature by the beneficial holder of the Bonds or any person (entity or individual) with authority to manage and act in relation to the holding of such beneficial holder) set out in Schedule 4 (the "**Subscription Form**") hereto; and

- (b) submit the Subscription Form to ABG Sundal Collier ASA in accordance with the instructions in the Subscription Form so that it is received no later than 30 January 2024 (17.00 CET).

Detailed instructions on how to subscribe to participate in the New Super Senior Bonds are set out in the Subscription Form. The Subscription Form will constitute an irrevocable and binding commitment to participate in the New Super Senior Bonds on the terms set out therein.

The New Super Senior Bonds will be allocated:

- (a) *first*, to each Bondholder who have subscribed for New Super Senior Bonds *pro rata* to their share of Bonds in relation to the aggregate Adjusted Nominal Amount of all Bonds as of the Record Date (primary subscription right);
- (b) *secondly*, to each Bondholder who have subscribed for New Super Senior Bonds in excess of their primary subscription right (and in case of oversubscription, *pro rata* to their share of Bonds in relation to the other Bondholders who have subscribed in excess of their primary subscription right as of the Record Date and to the extent not possible, by lottery); and
- (c) *thirdly*, to the Underwriting Bondholders.

## 5. EFFECTIVE DATE

The Request shall be deemed approved immediately after the expiry of the voting period and satisfaction of the requisite quorum participation and majority vote as set forth in Section 6.5 (*Quorum*) and Section 6.6 (*Majority*) below, or if earlier, when a requisite majority of consents of the Adjusted Nominal Amount have been received by the Agent. Provided that the implementation of the Request shall be subject to the issuance of the New Super Senior Bonds, the Issuer and the Agent shall, in order to implement and effectuate the Request, enter into:

- (i) amended and restated terms and conditions for the Bonds; and
- (ii) an amended and restated Intercreditor Agreement.

For the avoidance of doubt, the Issuer has obtained the requisite approvals in respect of the requested amendments to the Intercreditor Agreement from the other parties thereto.

## 6. WRITTEN PROCEDURE

The following instructions need to be adhered to in the Written Procedure. For the avoidance of doubt, a Bondholder who has delivered a voting undertaking to the Advisor must also, in order to participate in Written Procedure, follow these instructions and complete and send a Voting Form to the Agent.

### 6.1 Final date to participate in the Written Procedure

The Agent must have received the votes by mail, courier or e-mail to the address indicated below no later than 15.00 CET, on 9 February 2024. Votes received thereafter may be disregarded.

### 6.2 Decision procedure

The Agent will determine if replies received are eligible to participate in the Written Procedure as valid votes.

When a requisite majority of consents of the total Adjusted Nominal Amount have been received by the Agent, the Request shall be deemed to be adopted, even if the time period for replies in the Written Procedure has not yet expired.

Information about the decision(s) taken in the Written Procedure will: (a) be sent by notice to the Bondholders and (b) be published on the websites of (i) the Issuer and (ii) the Agent.

A matter decided in the Written Procedure will be binding for all Bondholders, irrespective of them responding in the Written Procedure.

### 6.3 Voting rights and authorisation

Anyone who wishes to participate in the Written Procedure must on the Record Date (29 January 2024) in the debt register:

- (a) be registered as a direct registered owner of a Securities Account; or
- (b) be registered as authorised nominee in a Securities Account, with respect to one or several Bonds.

### 6.4 Bonds registered with a nominee

If you are not registered as a direct registered owner, but your Bonds are held through a registered authorised nominee or another intermediary, you may have two different options to influence the voting for the Bonds:

- (a) you can ask the authorised nominee or other intermediary that holds the Bonds on your behalf to vote in its own name as instructed by you; or
- (b) you can obtain a Power of Attorney (in the form set out in Schedule 2) from the authorised nominee or other intermediary and send in your own Voting Form based on the authorisation. If you hold your Bonds through several intermediaries, you need to obtain authorisation directly from the intermediary that is registered in the debt register as Bondholder of the Securities Account, or from each intermediary in the chain of holders, starting with the intermediary that is registered in the debt register as a Bondholder of the Securities Account as authorised nominee or direct registered owner.

Whether one or both of these options are available to you depends on the agreement between you and the authorised nominee or other intermediary that holds the Bonds on your behalf (and the agreement between the intermediaries, if there are more than one).

The Agent recommends that you contact the securities firm that holds the Bonds on your behalf for assistance, if you wish to participate in the Written Procedure and do not know how your Bonds are registered or need authorisation or other assistance to participate. Bonds owned by the Issuer, another Group Company or an Affiliate do not entitle to any voting rights.

### 6.5 Quorum

To approve the Request, Bondholders representing **at least twenty (20.00) per cent.** of the Adjusted Nominal Amount must reply to the Request under the Written Procedure in order to form a quorum.

If a quorum does not exist, the Agent shall initiate a second Written Procedure, provided that the Request has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure. At the option of each Bondholder, a voting form provided at or

before 15.00 CET on 9 February 2024 in respect of the Written Procedure shall also remain valid for any such second Written Procedure.

#### **6.6 Majority**

The Agent must receive votes in favour of the Request representing **at least two thirds ( $\frac{2}{3}$ )** of the Adjusted Nominal Amount for which Bondholders reply under the Written Procedure in order for the Request to be adopted.

#### **6.7 General**

The Issuer may, at its option and in its sole discretion, at any time amend, extend, re-open or terminate the Written Procedure or the terms of the Written Procedure in accordance with the Terms and Conditions of the Bonds.

#### **6.8 Role of the Agent**

The role of the Agent under this Written Procedure is solely mechanical and administrative in nature. The information set out herein is presented to the Bondholder without any evaluation, advice or recommendations from the Agent whatsoever. The Agent is not an advisor to any party and has not reviewed or assessed the information set out herein from a legal or commercial perspective of the Bondholders and the Agent expressly disclaims any liability whatsoever related to the content of this Notice (or the effect(s) of the Request, should it be adopted). The Bondholders are recommended to seek legal advice in order to independently evaluate whether the Request (and its effect(s), should it be adopted) are acceptable or not.

Further to the above and as set out in the Terms and Conditions, the Agent may assume that any documentation and other evidence delivered to it or to be entered into by it in relation to the Written Procedure is accurate, legally valid, correct and complete and the Agent does not have to verify the contents of such documentation or evidence.

#### **6.9 Address for sending replies**

Return the Voting Form (*Schedule 1*), and, if applicable, the Power of Attorney/Authorisation (*Schedule 2*) or other sufficient evidence, if the Bonds are held in custody other than Euroclear Sweden, by regular mail, scanned copy by e-mail, or by courier to:

***By regular mail:***

Nordic Trustee & Agency AB (publ)  
Attn: Written Procedure Ellos Group AB (publ)  
P.O. Box 7329  
SE-103 90 Stockholm

***By courier:***

Nordic Trustee & Agency AB (publ)  
Attn: Written Procedure Ellos Group AB (publ)

Norrandsgatan 23  
SE-111 43 Stockholm

***By e-mail:***

voting.sweden@nordictrustee.com

**7. FURTHER INFORMATION**

For further questions to the Issuer regarding the Request, please contact the Issuer at johan.stigson@ellosgroup.com or +46 (0)33 16 08 05.

The Issuer has retained ABG Sundal Collier AB as financial advisor (the “**Advisor**”). Accordingly, Bondholders may contact the Advisor for further information regarding the proposals and requests, at Voting.DCM@abgsc.no. The Advisor is an advisor to the Issuer and the Advisor owes no duty to any Bondholder or person authorised by a Bondholder. Nothing herein shall constitute a recommendation to the Bondholders by the Advisor.

For further questions to the Agent regarding the administration of the Written Procedure, please contact the Agent at voting.sweden@nordictrustee.com or +46 8 783 79 00.

The Agent and the Underwriting Bondholders have retained Advokatfirmaet BAHR as legal counsel. Accordingly, Bondholders may contact Advokatfirmaet BAHR for further information regarding the proposals and requests, Magnus Tønseth [magto@bahr.no](mailto:magto@bahr.no) and Stian Winther [Stiwi@bahr.no](mailto:Stiwi@bahr.no).

Stockholm, 23 January 2024

**NORDIC TRUSTEE & AGENCY AB (publ)**  
as Agent



## Schedule 1 Voting Form

For the Written Procedure in Ellos Group AB (publ) SEK 1,500,000,000 Senior Secured Callable Floating Rate Bonds 2019/2024 with ISIN **SE0012827996**.

The undersigned Bondholder or authorised person/entity (the “**Voting Person**”), votes either **For** or **Against** the Request by marking the applicable box below. If a quorum does not exist in the Written Procedure, the Agent shall initiate a second Written Procedure provided that the Request has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure.

*NOTE: If the Voting Person is not registered as Bondholder (as defined in the Terms and Conditions), the Voting Person must enclose a Power of Attorney, see Schedule 2.*

Capitalised terms used and not otherwise defined herein shall have the meanings assigned to them in the Notice of Written Procedure dated 23 January 2024.

	<b>For</b> the Request
	<b>Against</b> the Request

The Voting Person hereby confirms (*tick the applicable box*) that this voting form shall constitute a vote also for a second Written Procedure (if any) pursuant to clause 18 (*Decisions by the Bondholders*) of the Terms and Conditions with respect to the Request:

<b>Confirmed</b>	
<b>Not Confirmed</b>	

Name of the Voting Person:

\_\_\_\_\_

Capacity of the Voting Person:  
(*tick the applicable box*)

Bondholder:	<sup>1</sup>	authorised person:	<sup>2</sup>

Voting Person's reg.no/id.no and country of incorporation/domicile:

\_\_\_\_\_

Securities Account number at Euroclear Sweden:  
(*if applicable*)

\_\_\_\_\_

Name and Securities Account number of custodian(s):  
(*if applicable*)

\_\_\_\_\_

Nominal Amount voted for (in SEK):

\_\_\_\_\_

Contact person, daytime telephone number and e-mail address:

\_\_\_\_\_

Place, date: \_\_\_\_\_

\_\_\_\_\_  
Name;  
(*Authorised signature*)<sup>3</sup>

\_\_\_\_\_

<sup>1</sup> When voting in this capacity, no further evidence is required

<sup>2</sup> When voting in this capacity, the person/entity voting must also enclose a Power of Attorney/Authorisation (Schedule 2) from the Bondholder or other proof of authorisation showing the number of votes held on the Record Date (as defined in the Notice of Written Procedure from Ellos Group AB (publ)).

<sup>3</sup> If the undersigned is not a Bondholder as defined in the Terms and Condition and has marked the box “authorised person”, the undersigned – by signing this document – confirms that the Bondholder has been instructed to refrain from voting for the number of votes cast with this Voting Form.

**Schedule 2**  
**Power of Attorney/Authorisation**

For the Written Procedure in Ellos Group AB (publ) SEK 1,500,000,000 Senior Secured Callable Floating Rate Bonds 2019/2024 with ISIN SE0012827996.

*NOTE: This Power of Attorney/Authorisation document shall be filled out if the Voting Person is not registered as Bondholder (as defined in the Terms and Conditions) on the Securities Account, held with Euroclear Sweden. It must always be established a coherent chain of power of attorneys derived from the Bondholder, i.e. if the person/entity filling out this Power of Attorney/Authorisation in its capacity as "other intermediary", the person/entity must enclose its Power of Attorney/Authorisation from the Bondholder.*

Capitalised terms used and not otherwise defined herein shall have the meanings assigned to them in the Notice of Written Procedure dated 23 January 2024.

Name of person/entity that is given authorisation (Sw. <i>befullmäktigad</i> ) to vote as per the Voting Record Date:
Nominal Amount (in SEK) the person/entity is authorised to vote for as per the Voting Record Date:
Name of Bondholder or other intermediary giving the authorisation (Sw. <i>fullmaktsgivaren</i> ):

We hereby confirm that the person/entity specified above (Sw. *befullmäktigad*) has the right to vote for the Nominal Amount set out above.

We represent an aggregate Nominal Amount of: SEK \_\_\_\_\_

We are: (tick the applicable box)


Registered as Bondholder on the Securities Account

Other intermediary and holds the Bonds through (*specify below*):

\_\_\_\_\_

Place, date: \_\_\_\_\_

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

(authorised signatory of Bondholder/other intermediary (Sw. *fullmaktsgivaren*))

**Schedule 3**  
**Term Sheet**

*This is an indication of key terms for a potential financing and not an offer or commitment to provide financing, waivers, amendments or other concessions. Any such offer would inter alia be subject to satisfactory terms and credit committee approval in respect of each credit provider. All rights are reserved.*

## Term sheet

### Super Senior Bond Issue

#### 1. The Super Senior Bond Issue

*Capitalised terms used in this term sheet shall have the meaning assigned to them in the Intercreditor Agreement.*

<b>Issuer</b>	Ellos Group AB (publ)
<b>Bond Trustee</b>	Nordic Trustee & Agency AB (publ)
<b>Issue amount</b>	SEK 250,000,000
<b>Issue Date</b>	[9 February 2024]
<b>Maturity</b>	[9 February 2025]
<b>Interest Rate</b>	10%
<b>Interest payments</b>	Quarterly
<b>Issue price</b>	100% of par value
<b>Call Option</b>	The Issuer may redeem the bonds under the Super Senior Bond Issue (the “ <b>Super Senior Bonds</b> ”) (each holder of the Super Senior Bonds being a “ <b>Super Senior Bondholder</b> ”) at any time at a price equal to 102.00 per cent of the Nominal Amount on the redeemed Super Senior Bonds, with the addition of accrued and unpaid interest.
<b>Amortization:</b>	Any outstanding Super Senior Bonds shall be redeemed in full on the Maturity Date at a price of 102.00% of the Nominal Amount.
<b>Financial covenants</b>	Minimum liquidity covenant SEK 1 million, tested at all times.
<b>Guarantees:</b>	<p>The Super Senior Bonds will be guaranteed by the same guarantors as the existing Super Senior RCF and the Existing Bond Issue in accordance with the Intercreditor Agreement.</p> <p>Day 1 Guarantors: Ellos Group AB (publ), FNG Nordic Buying Platform BV, Ellos Group Nordic AB (publ), Ellos Group Holding AB (publ), Ellos Holding AB, Ellos Group Sweden AB, Ellos AB, Jotex Sweden AB, Ellos Norway Holding AS, Ellos Norway AS, Ellos Finland OY, Ellos Denmark A/S, Ellos 1 AB, Ellos 2 AB, FAAD Aktiebolag AB.</p>
<b>Security</b>	<p>The Super Senior Bonds will be secured by the Existing Transaction Security in accordance with the security construct under the Intercreditor Agreement, with the following changes:</p> <ol style="list-style-type: none"> <li>1. the addition of a pledge over any intragroup loans from the Issuer to any other group companies which shall be pledged to secure the Super Senior Bonds and the Existing Bonds, provided that the respective group</li> </ol>

*This is an indication of key terms for a potential financing and not an offer or commitment to provide financing, waivers, amendments or other concessions. Any such offer would inter alia be subject to satisfactory terms and credit committee approval in respect of each credit provider. All rights are reserved.*

	<p>companies shall be permitted to pay interest and principal to serve debt (but only principal to pay any agreed expenses) unless an Event of Default has occurred and is continuing;</p> <p>2. the addition of a pledge with second priority granted to secure the Super Senior Bonds and the Existing Bonds over the cash collateral pledged to Swedbank on a first priority to secure the Outstanding Ancillary Instruments (as defined below) (the “<b>First Cash Collateral Pledge</b>”) in the amount of SEK 164,000,000 (the “<b>Second Cash Collateral Pledge</b>”); and</p> <p>3. the Existing Floating Charge Pledge (as defined below) shall be amended and restated, as set out under part 2 (<i>Changes to the Existing Bond Issue</i>) below, with (i) the Second Ranking Floating Charge Pledge (as defined below) granted in favour of the Super Senior Bondholders and the Bondholders, and (ii) a the Third Ranking Floating Charge (as defined below) granted in favour of the Super Senior Bondholders and the Bondholders.</p> <p>For the avoidance of doubt, the Super Senior Bonds and the Existing Bonds will be secured by share security over any direct subsidiary of the Issuer.</p>
<b>Share pledges</b>	The parties shall pre-agree a mechanism for appropriating the shares Sw. <i>självinträde</i> ) on day one, subject to a subsequent valuation to be based on market value established by two reputable investment banks, financial advisers or auditors regularly involved in providing valuations and allowing credit bids.
<b>Status</b>	Super senior ranking debt and super senior ranking priority in the Transaction Security.
<b>Release of Transaction Security and Guarantees</b>	Any release of security and or guarantees shall be subject to two thirds (2/3) Super Senior Bondholder consent, save for where a disposal of the asset is (i) subject to other Transaction Security or (ii) the entity having provided a Guarantee is merged with another entity providing a Guarantee or (iii) as otherwise expressly permitted under the Finance Documents.
<b>Purpose of bond issue:</b>	The net proceeds from the Super Senior Bond Issue shall be used to finance the working capital needs of the Issuer and its subsidiaries, and inter alia applied as cash collateral for, inter alia, issued guarantees, letters of credit and derivatives under the existing Super Senior RCF.
<b>Subordination</b>	As per Clause 15.12 ( <i>Dealings with related parties</i> ) in the Existing Bond Issue as amended herein.
<b>Disposals:</b>	Disposal restrictions shall also include a prohibition on disposal of assets to direct/indirect shareholders of the Issuer or their affiliates without Majority Super Senior Bondholder consent.

*This is an indication of key terms for a potential financing and not an offer or commitment to provide financing, waivers, amendments or other concessions. Any such offer would inter alia be subject to satisfactory terms and credit committee approval in respect of each credit provider. All rights are reserved.*

<b>Merger/demerger</b>	<p>The Issuer may not merge with any other Person, or be subject to a demerger, with the effect that the Issuer is not the surviving entity.</p> <p>No Group Company may merge with any other Person, or be subject to a demerger, if such merger or demerger would have an adverse effect on the Transaction Security or otherwise materially adversely affect the rights of the Super Senior Bondholders.</p>
<b>Event of Default:</b>	Cross default with a SEK 50,000,000 threshold
<b>Bond Issue refinancing</b>	Put option upon refinancing of the Bond Issue at 102.00 per cent of the Nominal Amount.
<b>Majority Bondholders</b>	Super Senior Bondholders holding in aggregate more than 50% of the Super Senior Bonds.
<b>Other terms</b>	The Super Senior Bond Issue will be documented based on the Existing Bond Issue (as amended as contemplated herein), with logical adjustments and adjustments for the terms set out herein and shall, together with all other transaction related documents, otherwise be on terms satisfactory to the Initial Subscribers (as defined below), however, that Super Senior Bonds will not be listed on a Regulated Market.
<b>Arrangement terms</b>	The Super Senior Bond issue will be arranged by a group of bondholders under the Existing Bond Issue (the “ <b>Initial Subscribers</b> ”) subject to separate arrangement terms. Bondholders under the Existing Bond Issue will have a right to pro-rata subscription in the Super Senior Bond Issue.
<b>Conditions precedent</b>	<p>Customary conditions precedent, including (but not limited to) (i) payment of all costs and expenses of the Initial Subscribers and Bond Trustee incurred in relation to the Existing Bond Issue and the Super Senior Bond Issue, (ii) executed copies of any agreement, ancillary document or other deliverables evidencing that all Transaction Security is and will remain legal, valid, binding and enforceable (including, but not limited to, (a) executed copies of any amendment to or any amended and restated security agreement or security confirmation pertaining to the Transaction Security, and (b) evidence that any articles of association pertaining to shares that are granted as Transaction Security has been amended (to the extent required) to ensure that the shares are freely transferrable (to the extent permissible by law)), evidence that all Transaction Security is and has been duly perfected, and evidence of any registration and delivery of all originals required to be delivered in connection thereto, in each case, in a manner satisfactory to the Agent (acting on behalf of the Bondholders and the Super Senior Bondholders) (iii) executed copies of any new Transaction Security and satisfactory evidence of perfection (iv) copies of any underlying agreements, including but not limited to intragroup loan agreements and outstanding amounts</p>

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	thereunder, that are subject to Transaction Security, (v) no acceleration or enforcement action taken by Swedbank in relation to the Existing Super Senior RCF, (vi) evidence that the Existing Super Senior RCF will be repaid (or guarantees cash covered) and security being released upon release of funds, and (vii) the completion of the other transactions as set out in sections 1-3 herein.
<b>Governing law</b>	Laws of Sweden.

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## 2. Changes to the Existing Bond Issue

<i>In addition to any logical and consequential changes, and subject to the final key terms for the Super Senior Bond Issue, the terms and conditions for the existing bond issue (the “Existing Bonds”/ the “Existing Bond Issue”) (each holder of the Existing Bonds being a “Bondholder”) shall be amended and/or amended and restated as follows:</i>	
Clause 2 (b) (iv)	Shall be deleted in line with the corresponding amendment to the Intercreditor Agreement
“Affiliate”	<p>Shall be amended to read as follows:</p> <p><i>“Affiliate” means, in respect of any Person, any other Person directly or indirectly, controlling or controlled by or under direct or indirect common control <u>or management</u> with such specified Person, <u>including for the avoidance of doubt any investment manager, investment adviser or any Related Fund of such specified Persons.</u> 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.”</i></p>
“Permitted Financial Indebtedness”	<p>limb (c) shall be amended to read as follows:</p> <p><i>“incurred under a Capex Facility, provided that the Incurrence Test is met on a pro forma basis upon the incurrence of such Financial Indebtedness <u>and subject to the Majority Bondholders’ consent;</u>”</i></p> <p>Limb (l) shall be deleted.</p> <p>Limb (g) shall be clarified to permit any financial indebtedness from one Group Company to another Group Company.</p> <p>A new limb shall be added to read as follows:</p> <p><i>“incurred under any facility or counter-indemnity obligation with a bank refinancing (i) the outstanding guarantees under the existing SEK 140,000,000 uncommitted guarantee facility agreement, (ii) the outstanding letters of credit under the existing SEK 10,000,000 facility limit in respect of letters of credit and (iii) the outstanding FX derivative instruments under the existing SEK 14,000,000 FX derivative limit under the SEK 350,000,000 super senior revolving credit facility agreement originally dated 26 November 2019 (the “Existing RCF”) (the “Outstanding Ancillary Instruments”), in each case to the extent such facility is fully secured by the cash originally pledged as cash collateral to Swedbank AB (publ) for the purpose of repaying ancillary facilities under the Existing RCF;”</i></p>



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<p><b>“Permitted Security”</b></p>	<p>The definition of “Permitted Security” shall be amended to include the following additional limbs:</p> <p>“any cash collateral provided to secure (i) any facility from a bank or counter-indemnity obligation towards a bank refinancing the Outstanding Ancillary Instruments permitted under paragraph [●] of the definition of Permitted Financial Indebtedness or (ii) any counter-indemnity obligation permitted under paragraph (●) of the definition of Permitted Financial Indebtedness;”</p> <p>“any floating charge pledge in the amount of SEK 120,000,000 within (Sw. med inomläge) SEK 120,000,000 in Ellos AB provided to secure any facility from a bank or counter-indemnity obligation towards a bank refinancing Outstanding Ancillary Instruments permitted under paragraph [●] of the definition of Permitted Financial Indebtedness on or about the Issue Date;”</p>
<p><b>Security</b></p>	<p>The existing pledge agreement dated 25 March 2020 between Ellos AB as pledgor and Nordic Trustee &amp; Agency AB (publ) as Security Agent (as amended and/or amended and restated from time to time) regarding floating charge certificates in Ellos AB in the total amount of SEK 517,000,000 (the “<b>Existing Floating Charge Pledge</b>”), shall be amended and restated to reflect the following:</p> <ol style="list-style-type: none"> <li>1. a pledge with first priority over SEK 120,000,000 floating charge certificates within (Sw. med inomläge) SEK 120,000,000 (the “<b>First Priority Floating Charge Certificates</b>”) in Ellos AB required to be provided to Swedbank AB (publ) as security solely for any Outstanding Ancillary Instruments outstanding as of the Issue Date (the “<b>First Ranking Floating Charge Pledge</b>”). Swedbank shall only have recourse over this security to secure the liability relating to and until the ordinary expiry date of the Outstanding Ancillary Instruments that are outstanding on the Issue Date, and only to the extent and in the amount that the security over the cash collateral is released as a result of claw back (Sw. återvinning).</li> <li>2. a pledge with second priority (Sw. andrahandspanträtt) over the floating charges certificates within SEK 120,000,000 granted under the First Ranking Floating Charge Pledge, to be granted in favour of the Super Senior Bondholders and the Bondholders (the “<b>Second Ranking Floating Charge Pledge</b>”); and</li> <li>3. a pledge with first priority over the remaining SEK 397,000,000 floating charge certificates within (Sw. med inomläge) SEK 517,000,000 in favour of the Super</li> </ol>

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	<p>Senior Bondholders and the Bondholders (the “<b>Third Ranking Floating Charge Pledge</b>”).</p> <p>The First Ranking Floating Charge Pledge, the Second Ranking Floating Charge Pledge and the Third Ranking Floating Charge Pledge shall be documented on form and substance satisfactory to the Super Senior Bondholders in order to achieve the security structure contemplated by this term sheet.</p>
“ <b>Related Fund</b> ”	<p>in relation to a fund (the “first fund”), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.</p>
“ <b>Super Senior RCF</b> ”	<p>Limb (a) shall be amended to read as follows:</p> <p>“ <i>means:</i></p> <p>(a) <del>the SEK 350,000,000 super senior revolving credit facility provided by Swedbank AB (publ) on or about the Closing Date;</del> <u>the SEK 250,000,000 super senior bonds issued on [●] 2024;</u> or”</p>
<b>Clause 14.1.2 (Maintenance test)</b>	<p>Clause 14.1.2 (Maintenance Test) shall be amended to read as follows:</p> <p><i>“The Maintenance Test is met if Cash exceeds SEK 1,000,000.”</i></p>
<b>Clause 15.3 (Nature of business)</b>	<p>A new paragraph b to be added:</p> <p>“The Issuer shall not trade, carry on any business, own any assets or rights, be party to any contracts, make any investment or acquisition or incur any liabilities, except as required for (i) the provision of administrative services to other Obligor of a type customarily provided by a holding company, (ii) ownership of shares in other Group Companies, (iii) intra-Group debit and credit balances, (iv) liabilities and obligations permitted under the Terms and Conditions, and (v) liability to pay tax.”</p>
<b>Clause 15.5 (Clean down period)</b>	<p>To be waived in respect of the Super Senior Bond Issue.</p>
<b>Clause 15.6 (Loans out)</b>	<p>To be amended to reflect that no loans or other financial support shall be given to or for the benefit of any direct or indirect shareholder or Affiliate of such shareholder, save for ordinary course loans and credits to employees being shareholders.</p>
<b>Clause 15.12 (Dealings with related parties)</b>	<p>A New limb (b) to be added:</p>

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	The Issuer shall procure that any claims or liabilities held by any direct or indirect shareholders of any Group Companies (excluding where such shareholder is another Group Company) and/or any Affiliates of such direct or indirect shareholder against the Group shall, irrespective of any agreement or provision to the contrary, be (i) solely against the Issuer, (ii) subordinated in right of payment to the liabilities owed by the Group Companies to the Secured Parties, (iii) subject to release provisions in connection with enforcement (substantially identical to those in the Intercreditor Agreement) in favour of the Super Senior Bond Issue and the Existing Bond Issue, and (iv) have no right of payment/service until the Existing Bond Issue and the Super Senior Bond Issue is repaid in full, in each case on terms satisfactory to the Agent.
<b>Clause 16.10.09 (Termination)</b>	Clause 16.10.9 shall be deleted.
<b>Transaction Security</b>	For the avoidance of doubt, and in accordance with the principles set out in the Intercreditor Agreement, the existing Bond Issue shall continue to receive and be granted security over the same assets and guarantees from the same entities as the Super Senior Bond Issue.
<b>Agreed Security Principles</b>	<p>The following agreed security principles shall be amended to read as follows:</p> <p>11. The Secured Parties shall only be able to exercise <b>the</b> powers of attorney (including, but not limited to, in respect of voting rights appertaining to any shares) granted under any Transaction Security Document or have the right to receive any dividends if an Event of Default has occurred and is continuing <del>and any such power of attorney shall only be issued upon request and upon the occurrence of an Event of Default.</del></p> <p><b><u>16. Share security.</u></b> Subject to the Agreed Security Principles, security in respect of the shares in each Guarantor <b><u>shall</u></b> be granted, provided that the pledgors in respect of such security shall be entitled to exercise voting rights and receive dividends unless an Event of Default has occurred and is continuing. <b><u>The Bonds shall have security over the shares in the direct subsidiaries of the Issuer and claims against such entities, and no provision of the Agreed Security Principles shall serve to release such security.</u></b></p>
<b>Conditions precedent</b>	Customary conditions precedent, including (i) payment of all costs and expenses of the Initial Subscribers and Bond Trustee incurred in relation to the Existing Bond Issue and the Super Senior Bond Issue, (ii) evidence that all Transaction Security is perfected in a manner satisfactory to the Agent, and (iii) the completion of the other transactions as set out in sections 1-3 herein.

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### 3. Changes to the Intercreditor Agreement

<i>In addition to any logical and consequential changes, and subject to the final key terms for the Super Senior Bond Issue, the Intercreditor Agreement shall be amended and/or amended and restated as follows</i>	
<b>Parties</b>	<p>Swedbank will in connection with repayment of the Super Senior RCF resign from the Intercreditor Agreement.</p> <p>Nordic Trustee &amp; Agency AB (publ) shall become a party to the Intercreditor Agreement in its capacity as an agent for the Super Senior Bondholders as an “Original Super Senior Agent”.</p>
<b>Call option</b>	In the case of an Event of Default which is continuing, the Bondholders under the Existing Bond Issue shall have the right to purchase the Super Senior Bonds for cash considerations at par of the nominal amount outstanding (102% of principal plus accrued interest, costs and other amounts owed) pro rata to their respective holdings.
<b>“Conflicting Enforcement Instructions”</b>	<p>Shall be amended and read as follows:</p> <p><i>““Conflicting Enforcement Instructions” means instructions (or proposed instructions) as to enforcement of the Transaction Security or the taking of any Enforcement Action <b>actually</b> delivered to the Security Agent by a Representative that are inconsistent with any other instruction given as to the manner of enforcement (including any inconsistency as to the timeframe for realising value from an Enforcement Action in respect of the Transaction Security or the Guarantees or a distressed disposal) with any other instruction it <del>being understood that, for the purpose of triggering the consultation requirements under paragraph (b) of Clause 12.2 (Consultation) only and not for any other purpose (including, without limitation, determining the Instructing Party), the failure to give instructions by either the Super Senior Representative or the Senior Representative will be deemed to be an instruction inconsistent with any other instructions given.</del>”</i></p>
<b>“Group”</b>	<p>Shall be amended and read as follows:</p> <p><i>““Group” means the Issuer and its Subsidiaries <del>for the time being</del> from time to time”</i></p>
<b>Clause 12.1 (Enforcement Actions and Enforcement Instructions)</b>	<p>Subject to certain exceptions, including but not limited to the restriction set out in Clause 12.1 (e), the right to issue Enforcement Instructions to the Security Agent shall in the event of Conflicting Enforcement Instructions first go to the Instructing Party (the “Initial Enforcement Instruction”).</p> <p>If (a) enforcement has not commenced within three months after the Initial Enforcement Instruction was delivered to the Security Agent by the Senior Representative, or (b) no proceeds</p>

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	from an Enforcement Action in respect of the Transaction Security or the Guarantees have been received by the Security Agent within six (6) months after the Initial Enforcement Instruction was delivered, and provided that the Super Senior Representative has provided an Enforcement Instruction, then the Super Senior Representative shall become the Instructing Party, and any Enforcement Instruction that the Super Senior Representative will have already provided shall prevail.
<b>Clause 12.2 (Consultation)</b>	Save for limb (g), Clause 12.2 (Consultation), and all references to consultation in the Intercreditor Agreement shall be deleted in its entirety to allow for immediate enforcement by the Instructing Party.
<b>Clause 23.1 (Super Senior RCF refinancing)</b>	Shall provide a one-time waiver to allow for the Super Senior Bond Issue.
<b>Schedule 1 (the Original ICA Group Companies)</b>	Shall be amended to include and list all ICA Group Companies (including those that have acceded).
<b>Schedule 5 (Transaction Security Documents)</b>	Shall be amended to include and list all existing Transaction Security Documents and the new security contemplated herein.
<b>Other</b>	Terms in other agreements referring to terms of the intercreditor agreement that are amended pursuant hereto shall be updated accordingly to reflect the changes herein.
<b>Conditions Precedent</b>	Customary conditions precedent, including the completion of the other transactions as set out in sections 1-3 herein.

**Schedule 4**  
**Subscription form New Super Senior Bonds**

**SIGNED LETTER AND STATEMENT OF HOLDINGS OF EXISTING NOTES AS PER 29 JANUARY 2024 TO BE SENT TO THE BELOW ADDRESS AND RECEIVED NO LATER THAN CET 17:00 30 JANUARY 2024**

*Delivered in e-mail:*

To:  
ABG Sundal Collier ASA

Voting.DCM@ABGSC.no  
+47 22 01 61 30  
Reference: Ellos Group

## **Subscription New Super Senior Bonds**

### **1. Background**

- 1.1 Reference is made to the notice of written procedure dated 23 January 2024 (the "**Written Procedure Notice**") in relation to Ellos Group AB (publ)'s SEK 1,500,000,000 Senior Secured Bonds 2019/2024 with ISIN: SE0012827996 (the "**Existing Bonds**").
- 1.2 Any capitalised term used in this letter shall unless otherwise defined have the same meaning as given to it in the Written Procedure Notice.
- 1.3 The undersigned is the beneficial holder ("**Beneficial Holder**") of Existing Bonds or has the discretionary power and authority to manage and act in relation to such holdings of the Beneficial Holder (the letter may be signed by an asset management person or other person managing and acting in relation to the Beneficial Holder's investments and who is authorised by way of agreement with the Beneficial Holders to do so and who provides proof of such authority).
- 1.4 By this letter, the undersigned hereby wish to subscribe to participate in the issue of New Super Senior Bonds according to the information in the Written Procedure Notice.

### **2. Subscription to participate in the New Super Senior Bonds**

- 2.1 We confirm that we are the Beneficial Holder of, or have the discretionary power and authority to for and on behalf of the Beneficial Holder manage and act in relation to, the Nominal Amount of Existing Bonds as per 29 January 2024 set out in Appendix 1.
- 2.2 We confirm that we have read and understood the information in the Written Procedure Notice, including the term sheet setting out the principal terms of the New Super Senior Bonds (the "**New Super Senior Bonds Term Sheet**"). The New Super Senior Bonds will be governed by the terms and conditions. In case of any discrepancy between the final terms and conditions of the New Super Senior Bonds (the "**New Super Senior Bonds Terms and Conditions**") and the New Super Senior Bonds Term Sheet or other material or communication received by the Beneficial Holder, the final version of the New Super Senior Bonds Terms and Conditions shall prevail.
- 2.3 We, on our own account and, if applicable, on behalf of the Beneficial Holder, by either (i) signing and executing this letter, (ii) placing an application by e-mail or recorded telephone as applicable (such application to be deemed binding), or (iii) placing an application by the Instant Bloomberg Messaging Service of Bloomberg L.P. as applicable (or other equivalent messenger services) hereby irrevocably subscribe to participate with financing with the nominal amount of New Super Senior Bonds set out in Appendix 1 to this letter under the heading Subscribed Nominal Amount (the "**Subscribed Nominal Amount**") (being the maximum nominal amount the Beneficial Holder is prepared to finance and undertake to provide the subscription amount, being an amount equal to

the number of New Super Senior Bonds allocated multiplied with their price (the "**Subscription Amount**") to ABG Sundal Collier ASA ("**ABG Sundal Collier**") no later than on the settlement date for the New Super Senior Bonds as communicated by ABG Sundal Collier. We understand and accept that the following allocation principles will apply, in each case rounded down to equal SEK 1,250,000. The New Super Senior Bonds will be allocated:

- (a) first, to each Bondholder who have subscribed for New Super Senior Bonds pro rata to their share of Bonds in relation to the aggregate Adjusted Nominal Amount of all Bonds as of the Record Date (primary subscription right);
- (b) secondly, to each Bondholder who have subscribed for New Super Senior Bonds in excess of their primary subscription right (and in case of oversubscription, pro rata to their share of Bonds as of the Record Date in relation to the other Bondholders who have subscribed in excess of their primary subscription right and to the extent not possible, by lottery); and
- (c) thirdly, to the Underwriting Bondholders.

2.4 We, on our own account and, if applicable, on behalf of the Beneficial Holder, hereby irrevocably undertake and agree to:

- (d) in connection with the submission of this Subscription Form and upon request by ABG Sundal Collier or the Issuer, provide proof of holding of Existing Bonds at 29 January 2024 (the record date relevant to entitlement to allotment of the New Super Senior Bonds);
- (e) in case this Subscription Form and proof of holding of Existing Bonds is provided on an earlier date than 29 January 2024, not to dispose or otherwise transfer the Existing Bonds on or prior to 29 January 2024; and
- (f) no later than at the time and in accordance with the instructions set forth in a request sent by ABG Sundal Collier or any advisor/bank of the holders of Existing Bonds or the Issuer (with at least two business days prior notice) pay the Subscription Amount as advised by ABG Sundal Collier.

2.5 We, on our own account and, if applicable, on behalf of the Beneficial Holder, irrevocably acknowledge and agree that:

- (a) we/the Beneficial Holder have a right to be allotted New Super Senior Bonds;
- (b) we/the Beneficial Holder is the Beneficial Holder of Existing Bonds as of the 29 January 2024 (the record date relevant to entitlement to allotment of the New Super Senior Bonds);
- (c) there is no assurance that the actions contemplated in the Written Procedure will be completed and/or that the Subscribed Nominal Amount will be allotted to us; and
- (d) the Issuer and ABG Sundal Collier will be relying upon this letter in its preparations with respect to the actions contemplated in the Written Procedure.

2.6 We represent and warrant that (i) we have the corporate power and authority to enter into and perform our obligations under this letter, (ii) no consents or approvals of or filings with any governmental or other regulatory body are required for us to enter into this letter or to fulfil any of our undertakings set forth herein and (iii) our undertakings herein will not violate any law or regulation that is applicable to such sale, including Swedish laws restricting or prohibiting insider trading or dealing in securities.

2.7 We confirm that the investment in the New Super Senior Bonds is made solely at our own risk and that we have sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision in the Issuer by purchasing New Super Senior Bonds (including the risks inherent in investing in financial



instruments such as the New Super Senior Bonds), and we are able to bear the economic risk, and to withstand a complete loss of an investment in the New Super Senior Bonds;

- 2.8 We confirm that either (a) the Beneficial Holder is not located in the United States or a "U.S. person" (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**")) nor is it purchasing the Bonds for the benefit of a U.S. person or (b) the Beneficial Holder has executed and delivered a separate application on additional representations and warranties required for U.S. persons or acquiring Bonds in the United States to ABG Sundal Collier ASA, certifying that it is a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act and has given the confirmations and/or documentation needed to Sundal Collier ASA. The separate application is available upon request from ABG Sundal Collier ASA.
- 2.9 We understand that Nordic Trustee & Agency AB (publ) (the "**Agent**") will represent us in all matters in relation to the New Super Senior Bonds pursuant to the New Super Senior Bonds Terms and Conditions.
- 2.10 ABG Sundal Collier and the Issuer, expressly disclaims any liability whatsoever in relation to the New Super Senior Bonds to the fullest possible extent permitted pursuant to applicable law, and we understand and expressly agree that we are subscribing for New Super Senior Bonds on this basis.
- 2.11 We confirm that our decision to subscribe to participate in the issue of New Super Senior Bonds is based upon our own judgment and analysis and not upon any view expressed or information provided by or on behalf of any other party. We further acknowledge that the Issuer and ABG Sundal Collier have not made any representations to us, express or implied, with respect to the actions contemplated in the Written Procedure, with respect to Issuer or the Group or the New Super Senior Bonds and acknowledge that nothing in this letter is intended as or should be construed as an obligation by the Issuer, Bondholders to implement or complete the actions contemplated in the Written Procedure, including the issue of the New Super Senior Bonds. Accordingly, we do not hold the Issuer or ABG Sundal Collier or any of their advisors responsible or in any way liable to us in connection with our commitment hereunder or participation in the New Super Senior Bonds.
- 2.12 We are aware of, and agree to, that the contents of this letter may be disclosed in press releases relating to the Written Procedure as well as in other public communications with respect to the Written Procedure.
- 2.13 There will be no public offer of the Bonds in the United States. The Bonds have not been and will not be registered under the U.S. Securities Act, or under the securities law of any state or other jurisdiction of the United States and may not be reoffered, resold, pledged or otherwise transferred, directly or indirectly, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The Bonds are "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act and may not be deposited into any unrestricted depository receipt facility in the United States, unless at the time of deposit the Bonds are no longer "restricted securities". The Bonds may not be reoffered, resold, pledged or otherwise transferred, except (a) outside the United States in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, as applicable or (b) pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and subject to the provisions of the U.S. investor representation letter delivered to ABG Sundal Collier ASA.

### **3. Governing law and jurisdiction**

This letter, shall be governed by and construed in accordance with the laws of Sweden. Any dispute, controversy or claim arising out of or in connection with this letter, or the breach, termination or invalidity thereof, shall be finally settled by the courts of Sweden with the District Court of Stockholm (Sw. *Stockholms tingsrätt*) as the court of first instance.

\_\_\_\_\_ on \_\_\_\_\_ 2024  
Place: Date:

\_\_\_\_\_  
Full legal name of Beneficial Holder or person authorised to manage/act in relation to the holdings of such Beneficial Holder in block letters

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name in block letters

\_\_\_\_\_  
Name in block letters

## Appendix 1

### Existing Bonds held by Beneficial Holder

Nominal amount held on 29 January 2024 and at the date of this letter.

SEK amount in figure: \_\_\_\_\_

### (i) Beneficial Holder or (ii) Person with discretionary power to manage and act in relation to the holdings

If (ii): an asset management person or other person managing/acting in relation to the Beneficial Holder's investments who is authorised by way of agreement with the Beneficial Holders to do so.

Name of undersigned: \_\_\_\_\_

Reg. no./id: \_\_\_\_\_

Contact person: \_\_\_\_\_

Telephone No: \_\_\_\_\_

Address: \_\_\_\_\_

Telefax number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

### Subscribed Nominal Amount<sup>1</sup>

Maximum SEK amount: \_\_\_\_\_

### Beneficial Holder (if other than undersigned person)

Applicable if the letter is signed by a person with discretionary power and authority to manage and act in relation to the holdings.

Name and reg. no. \_\_\_\_\_

### Nominee if applicable

Nominee registered for the holding in the debt register for the Existing Bonds held with Euroclear Sweden AB.

Name and reg. no. \_\_\_\_\_

\_\_\_\_\_  
<sup>1</sup> Note that the full Subscribed Nominal Amount may or may not be allocated to you.

**Schedule 5**  
**Risk Factors**

## RISK FACTORS

*Prior to any decision regarding investment in the New Super Senior Bonds, it is important to carefully analyse the risk factors considered to be of importance in relation to the Issuer and the New Super Senior Bonds, such as risks related to the Issuer's operations, the industry in which it operates, legal and regulatory risks, financial risks, and risks related to the New Super Senior Bonds. The purpose of this presentation is to enable a potential investor to assess the relevant risks related to its potential investment in the New Super Senior Bonds in order to make an informed investment decision. The risk factors currently deemed material in relation to the Issuer and the New Super Senior Bonds are described below. The description of the risk factors below is based on information available on 23 January 2024. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their potential adverse impact on the Issuer. In each category, the risk factors currently deemed the most material are presented first, but otherwise the risk factors are not ranked in any specific order of importance.*

### RISKS RELATED TO THE ISSUER'S OPERATIONS AND INDUSTRY

#### **A prolonged period of weak macroeconomic conditions in the Nordic countries could adversely affect the demand for the Issuer's products**

The Issuer is an e-commerce group which operates the e-stores Ellos, Jotex, Homeroom and the payment brand Elpy, targeting consumers in the Nordic region and neighbouring European countries. Through its e-stores, the Issuer offers fashion and home interior products under both its own and external brands. The industry in which the Issuer operates is affected by general market conditions for discretionary retail items generally. As a result, a number of macroeconomic conditions such as interest rates, inflation, employment levels, energy and fuel costs may affect the Issuer. Consumer confidence and spending typically decline during periods of weak economic conditions as disposable income is lower.

During 2022 and 2023, the economy has been negatively affected by an increasing inflation in large parts of the world. To attempt to control high inflation, central banks have raised interest rates, including in the markets in which the Issuer operates. Tighter economic policies, including the higher interest rates, have left consumers with less discretionary income and forced to make trade-offs in their spending. The Issuer's assessment is that the e-commerce market in Sweden, which is the Issuer's largest market, has decreased during 2023, with a particularly weak development for home interior products, which are discretionary items. In line with this development, the Issuer's net sales decreased by 4.2 per cent during the three-months period ended on 30 September 2023 compared to the corresponding period during 2022, which the Issuer considers, to some extent, is explained by the reduced consumer spending in general. A prolonged period of weak macroeconomic conditions in the Nordic countries may therefore have an adverse effect on the Issuer's financial position and results of operations.

#### **The markets for home interior products and fashion in which the Issuer operates are highly competitive and fragmented**

Operating in the markets for home interior products and fashion, the Issuer faces severe competition from a diverse group of retailers, both local niche players and global e-commerce companies, including e-commerce fashion retailers with customer offerings similar to that of the Issuer, general e-commerce retailers trying to increase their presence across a range of categories including home interior products

and fashion, offline-focused vertically integrated retailers and brands from Europe, as well as non-European companies seeking to establish a stronger presence on the local markets.

The Issuer's competitors may benefit from competitive advantages and gain market shares at the Issuer's expense. More specifically, competitors may have larger financial resources, stronger brands or wider geographical reach than the Issuer and benefit from economies of scale to increase their presence and profitability. Competitors may also have more customer data or better analytics tools to be able to set relevant price points, improve site navigation and convert an increased number of visitors to the e-stores into customers. Competition is also relevant in terms of the level of integration of different payment solutions that improves the customer experience. Global retailers that operate with significant infrastructure and scale, may decide to focus more on the Nordic markets, including in the home interior and fashion segments, and companies in the same or similar industry as the Issuer that currently do not target the online home interior and fashion segments in the Nordics may decide to do so in the future, which could result in the Issuer losing business opportunities or market shares.

Generally, e-commerce companies are exposed to competition at a cross-border level since consumers may take advantage of offerings in a wide range of different national and international companies and easily compare prices and assortment prior to making a purchase decision, which increases pricing competition. The level of competition varies between different geographies and product categories, whereby competitive factors include product assortment, delivery times, design, quality, price, understanding of customer behaviour and technical development.

The highly competitive environment may reduce the Issuer's market shares in the markets in which it operates and may consequently have an adverse effect on the Issuer's financial position and results of operations.

#### **The Issuer's net sales are to a certain degree attributable to its offering of payment solutions and financial services**

As part of its business model and customer offering, the Issuer offers payment solutions in the form of, amongst other, invoicing and payments in instalments which give the customer the opportunity to be granted a credit when purchasing the Issuer's products. The Issuer cooperates with Resurs Bank in relation to the financing and administration of such customer credits. Furthermore, the Issuer also markets consumer loans and related insurance products in cooperation with Resurs Bank (and other insurance companies in relation to other insurance products).

The cooperation with Resurs Bank regarding the Issuer's financial services is important to the Issuer's business. The factoring arrangements with Resurs Bank regarding the Issuer's point of sales financing options are valid until 30 June 2027 and the cooperation agreement regarding the marketing of private loans on behalf of Resurs Bank is valid until 30 June 2027. The agreements provide for customary termination rights, for example due to any material breach of contract which is not remedied within applicable grace periods. In addition, Resurs Bank is entitled to terminate the agreements if it is required due to a change of law or regulatory requirements beyond Resurs Bank's control. If the agreements are terminated, or if they were to expire without being extended or renewed, that could disrupt the Issuer's business, involve changes to functionalities and thereby negatively impact the Issuer's ability to offer certain payment options and other financial services. There is also a risk that any replacement of Resurs Bank would offer less beneficial terms and that the Issuer would need to incur additional expenses to procure and integrate such replacement.

The customer credits that are administered in cooperation with Resurs Bank generate significant revenues for the Issuer and account for a significant amount of the Issuer's net sales. Since the net

sales deriving from the factoring arrangement are variable, the Issuer is indirectly exposed to credit risks, such as the customers' payment capacity and solvency and interest rate risks (see also "*Financial risks – The Issuer is exposed to credit risks, such as in relation to defaulting consumers*" and "*Financial risks – The Issuer is exposed to interest rate risks which may affect financial income and expenses, cash flow and/or profits*").

In relation to its administration of the Issuer's point of sales credits, Resurs Bank enjoys a certain degree of autonomy, regarding for example credit risk assessments and applied interest rates. There is a risk that Resurs Bank's interests may not be aligned with the Issuer's interests, which could have an adverse effect on the Issuer's business. Also, there is a risk that the proportion of customers who choose to pay through different forms of direct payments increases, causing the credit penetration rate to decrease. A reduced credit penetration rate is likely to adversely affect the Issuer's profitability and may have an adverse effect on the Issuer's financial position and results of operations.

**The Issuer is exposed to risks associated with the use and functionality of its IT infrastructure, such as cyberattacks**

The functionality, capacity and availability of the IT systems that the Issuer deploys are critical to be able to run its business operations. These IT systems comprise systems for sales and logistics, accounting and financial reporting, inventory and working capital management. The Issuer's IT operations are running on a hybrid on-prem/cloud set up. For some parts of its IT operations the Issuer is dependent on certain key third-party service providers, such as providers of cloud-based infrastructure. The use of third-party suppliers exposes the Issuer to certain risks, including the risk that critical service providers are unable to deliver their services at the agreed service levels. Any disruptions in the services provided by third-parties may negatively affect the Issuer's business operations.

Although the Issuer has secured technical redundancy solutions, the Issuer's IT systems may be subject to security incidents and unanticipated disruptions and the Issuer has also experienced such incidents and disruptions in the past, among others as a result of DDOS-attacks. As an example, a DDOS-attack occurred in December 2020, resulting in seven hours downtime of the Group's websites. Computer malware, viruses, and computer hacking and phishing attacks have become more prevalent in the industry in which the Issuer operates. The occurrence of any of these events could result in interruptions in the Issuer's ability to provide its products and services, and unauthorised access to, or alteration or loss of, business data. Moreover, any failure to maintain performance, reliability, security, and availability of the Issuer's e-store to the satisfaction of its customers may harm its reputation and its ability to retain existing customers and attract new customers, and the Issuer may incur significant costs in protecting against or remediating cyber-attacks, which would have adverse effects on its business and results. Any compromise of the Issuer's IT security could further expose the Issuer to litigation, civil penalties and adverse publicity that could have an adverse effect on the Issuer's business, reputation and results of operations (see also "*Legal and regulatory risks - Unlawful processing of personal data may make the Issuer liable to pay regulatory fines or become subject to other legal sanctions*").

**Certain key individuals and employees are critical to the Issuer's success and the loss of such individuals or failure to attract qualified personnel or senior executives may have an adverse effect**

The Issuer considers that one of its strengths is its experienced management team and key employees. Several of the key employees have worked for the Issuer for many years and have long experience from the Issuer, as well as important know-how from the e-commerce industry in general. The Issuer is therefore dependent on its ability to attract and retain qualified personnel and senior executives. Competition for talent is particularly profound in relation to employees with tech experience in the retail industry, as the Issuer competes with many other employers for similar employees. The Issuer may

need to incur significant costs to attract such employees and to retain its current key employees. The Issuer's ability to attract qualified personnel is dependent on factors such as the strength of its brand, terms of employment and localisation. There is also a risk that attempts from competitors to recruit the Issuer's employees result in loss of personnel or that the Issuer is forced to offer increased compensation to its employees. If these risks are materialised, it could have an adverse effect on the Issuer's business and results of operations.

**Effective and optimised systems and processes for logistics, deliveries and returns are fundamental for the Issuer to be competitive**

In order for an e-commerce business to be successful, effective and optimised logistics management is fundamental. Packaging, outbound freight and receipt is carried out at, and consolidated to, the Issuer's warehouse facilities and logistics centers in Viared located in Borås, Sweden. The Issuer is exposed to risks associated with disruptions in machinery and logistics operations, due to for example fires, natural disasters or break-downs, which could substantially disrupt the Issuer's business. Property or business interruption insurances may not provide adequate coverage for such losses, and damages and disruptions caused by such events may therefore have an adverse effect on the Issuer's results and financial position. Furthermore, in order for the Issuer to continue to grow its business it may need additional logistics capacity. It is not certain that such additional logistics capacity is available by way of expanding the Issuer's current facilities in Viared, and the need for any additional logistics capacity may therefore require additional investments. Furthermore, the Issuer may not be able to achieve the intended economies of scale from its logistics operations. If the Issuer does not manage to operate and optimise its logistics in a successful and efficient manner, it could result in excess or insufficient logistical capacity and increased costs, which in turn could have an adverse effect on the Issuer's financial position and results of operations.

Similarly, it is critical for the Issuer to have effective transportation between its storage facilities in Viared and from its logistics centers in Viared to customers or, where drop shipping is used, on the third-party shipping the product directly to the customer. Transportation to the Issuer's customers of products from the Issuer's warehouses primarily involves road transport. All transportation is handled by external logistics companies, such as PostNord. Disruption in transportation may, amongst other things, increase the delivery time to customers. Transportation costs may also increase, which may result in increased freight costs for the Issuer, including increased costs for customer returns. As e-commerce companies are continuously developing their businesses and customer experience, the delivery to the customer's home, workplace or other preferred delivery location, so-called "last-mile" delivery, is becoming increasingly relevant. If the Issuer, including its drop shipping partners, would be unable to manage transportation and delivery to customers in a cost-efficient and sustainable way according to the customers' delivery preferences, it may have an adverse effect on the Issuer's customer retention, Net Promotor Score (NPS)<sup>1</sup> and net sales.

Effective returns with attractive terms for consumers are also a key factor in the e-commerce sector. Returns are typically high in the fashion segment and it is both time consuming and costly for the Issuer to handle returns in a manner that is satisfying, both from the customers' perspective and from a sustainability perspective. If the Issuer would fail to handle returns in an efficient manner and to meet its customers' expectations, or if the return rate would increase for any reason, such as changed customer behaviour or customers' taking advantage of the Issuer's return policies, it could lead to higher

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<sup>1</sup> Net Promotor Score is a widely used market study metric that typically is based on the form of a single survey question asking respondents to rate the likelihood that they would recommend a company, product, or a service to a friend or colleague.



costs and negatively affect the Issuer's Net Promoter Score, and in turn negatively affect the Issuer's financial position and results of operations.

**Demand for fashion is affected by consumer trends as well as seasonality and weather conditions**

The Issuer must be able to predict and adapt to rapidly changing trends and consumer demands in a timely manner, particularly in relation to the fashion segment. Whilst the Issuer does not primarily focus on the very latest fashion trends, consumer preferences regarding design, quality, sustainability and price tend to change rapidly and the Issuer may fail to accurately forecast the selection and demand for such products in future periods. Also, a selling point in the Issuer's offering is a wide selection of products in various categories and styles within the fashion and home interior segments which places demands on its stock. If the Issuer fails to predict or adapt to fashion trends in a timely manner, it may result in overstocking or understocking of products, resulting in inventory obsolescence. As of 30 September 2023, the Issuer's inventories amounted to SEK 722.5 million.

The demand for the Issuer's products, particularly the clothing buying behaviour, fluctuates over the course of the calendar year according to seasonality. Weather conditions during a certain period of time may affect the demand for seasonal clothes and may make merchandising campaigns less efficient if not aligned with the weather and outdoor conditions. For example, if during a calendar year, the Nordic summer season would continue into the autumn, it is likely that such weather conditions could have an adverse effect on the net sales of autumn fashion during the relevant period.

The lead times for the Issuer's products vary between external brands, in season products and contemporary fashion products. The demand for products can change significantly between the time when products are ordered or manufactured and the date of sale. Competitors may place orders more frequently and have shorter lead times and may thus be more adaptable to shifts in trends and consumer demand. In light of the above, the Issuer faces the risk of not having the appropriate selection or the required quantities of products in order to satisfy customer demand. This may further cause the Issuer to carry excess inventory which the Issuer might be unable to sell during the relevant selling seasons, or only by offering significant discounts. This may result in lost sales opportunities, sales at lower margins than predicted and/or write-offs on inventories.

**The Issuer is subject to risks related to sustainability, including due to regulatory developments**

In recent years, a clear trend among consumers has been an increased focus on sustainability, which in the home interior and fashion industry is expressed in the form of requirements on the choice of material, recycling and quality, but also suppliers, transport and general environmental awareness. Focus on sustainability is not only driven by consumer awareness but also underpinned by increased efforts by lawmakers and regulators to put pressure on different industries to raise their sustainability standards. An increased focus on sustainability may include a generally reduced consumption of for example fashion products. The Issuer's ability to conduct long-term profitable operations is dependent on the Issuer succeeding in addressing and managing the sustainability-related risks to which the Issuer is subject. The Issuer's sourcing of products from developing and low manufacturing cost countries such as China, India and Bangladesh results in, for example, the Issuer being subject to risks as regards sustainability factors related to social, product related and environmental aspects such as human rights, working conditions, product quality and environmental issues as well as issuer relating to bribery and corruption.

The general living and working conditions in the countries in which the Issuer's own brand products are manufactured can also involve greater risk of one or more of the Issuer's suppliers acting in violation of the Issuer's code of conduct. If a supplier fails to meet the requirements set out in the code of conduct,

there is a risk of adverse publicity and reputational damage to the Issuer, despite the Issuer choosing to discontinue its relationship with the supplier. In many developing and low manufacturing cost countries, there is also generally a greater risk of violations of laws and regulations regarding sustainability factors related to social, product-related and environmental aspects, such as human rights, working conditions, product quality and environmental issues as well as issues relating to bribery and corruption. Such violations could result in fines or other criminal or administrative sanctions or civil law claims and have a material adverse impact on the Issuer's reputation, financial position and results of operations. Violations that are committed by, or allegations of such violations that are brought against, suppliers or other external parties with whom the Issuer has a commercial relationship may risk leading to adverse publicity, which can damage the Issuer's reputation, even if the Issuer is not involved in such incidents.

The Issuer's business impacts the environment, among other things through use of various natural resources such as oil and rubber as well as electricity, fuel, chemicals and water during the production process and in conjunction with goods transports. The Issuer is thus obliged, among other things, to apply certain environmental regulations. There is a risk that such regulations and environmental-related requirements will not be complied with by the Issuer's suppliers and that such violations will lead to prohibitions on sales, product recalls, environmental fines and, in case of serious offences, the Issuer's environmental footprint thus risks resulting in significant costs, adverse publicity and reputational damage.

#### **The Issuer may fail to successfully market its products and drive traffic to its e-stores through digital marketing channels**

Consumer demand for the Issuer's products is partly affected by the strength of the Issuer's brands, which in turn is affected by the Issuer's advertising, PR, marketing and corporate profile. The Issuer's spending on marketing amounted to SEK 675.2 million during 2022. The marketing activities served primarily to strengthen the brands in accordance with the Issuer's overall brand policies and to influence on consumer's buying behaviour. There is a risk that the Issuer's marketing and communication campaigns will fail to be successful in terms of promoting and maintaining brand awareness, resonating with consumers, generating traffic to its online stores, or stimulating purchases and maintaining customer loyalty. This may result in low conversion rates, decreased customer satisfaction and have an adverse effect on the Issuer's financial position and results of operations.

The e-commerce industry has become increasingly data-driven and based on automation and personalisation of marketing and offerings. These technologies allow companies to use data to target advertising towards specific groups of users who are more likely to be interested in the advertising message delivered to them. These technologies may fail to direct traffic to the Issuer's e-stores for different reasons or such traffic may require additional marketing spending by the Issuer. A substantial driver of traffic to the Issuer's e-stores is traffic that is paid for, such as Google AdWords, and could also include search engine marketing (SEM) and search engine optimisation (SEO), retargeting, remarketing, and price comparison websites. The digital advertising market is dominated by a selected number of large companies, including Alphabet (Google) and Meta Platforms (Facebook), and the Issuer is therefore to some extent dependent on such companies to drive traffic to its e-stores. If the Issuer fails to drive traffic to its e-stores through digital marketing channels, it may have an adverse effect on the Issuer's business, lead to increased costs for other types of marketing and have an adverse effect on the Issuer's financial position and results of operations.

Additionally, the use of technologies, such as cookies (both first-party and third-party), pixels, etc., for the purpose of automation and personalisation of marketing and offerings, is subject to regulatory requirements. Thus, the Issuer needs to, among other things, ensure that the consumers concerned are

provided with clear and sufficient information and that valid consents are obtained (where necessary), in order to comply with applicable data protection requirements, see further in the section “-Legal and regulatory risks - Unlawful processing of personal data may make the Issuer liable to pay regulatory fines or become subject to other legal sanctions”. Such regulatory requirements may also prevent the Issuer from making use of certain external platforms to the full extent, and lead to demands on the Issuer to internally develop tools and functions to ensure compliance, which may result in additional costs.

#### **The Issuer is exposed to fluctuations in the costs of goods sold**

The Issuer's total costs of goods sold amounted to SEK 1,793.3 million during 2022 (SEK 1,167.5 million during January – September 2023 which is a decrease by 7.7 per cent) and related to, among others, costs of goods for resale as well as shipping and packaging. The Issuer's products are to a significant extent manufactured in Asia with the largest volumes produced in China, India and Bangladesh. Costs of goods sold are, among others, dependent on the price of commodities, as the Issuer does not have any fixed price agreements, in particular the price of cotton and oil, which may be subject to significant fluctuations. Such commodities are priced in the global market and the prices are primarily quoted in USD. The price volatility is primarily due to fluctuating customer demand, supply and speculation, which may, from time to time, be compounded by decreases in production due to natural disasters, political or financial instability or unrest. Since the Issuer purchases products from across the world, the Issuer is exposed to risks in relation to transportation of such goods from suppliers to the Issuer's warehouses in Borås, Sweden. Transportation of the Issuer's products from suppliers to the Issuer's warehouses primarily involves sea freight (over 95 per cent of volumes), with road freight used for shorter distances. Use of air freight is rare and accounted for 0.43 per cent of the Issuer's incoming transport in 2022. There is a risk that transportation is not available at reasonable costs, in time or at all. If any increase in costs for goods sold could not be forwarded to the end customer, increased costs of goods sold may have an adverse effect on the Issuer's financial position and results of operations.

#### **The Issuer is exposed to risks connected to its purchasing and to failures by suppliers in relation to their obligations towards the Issuer**

The Issuer does not have any own production and its products are to a significant extent manufactured in Asia, with the largest volumes being produced in China, India and Bangladesh. The Issuer uses, and is to some extent dependent on, third-party services by Global Sustainable Sourcing (GSS), which is the Issuer's main sourcing agent. Recent geopolitical challenges, including the Covid pandemic and Russia's invasion of Ukraine, have manifested the vulnerability of global procurement and supply chains to similar pandemic outbreaks or other disruptive events on a global scale. As the Issuer to a significant extent sources its products from Asia, the Issuer is exposed to such events since the Issuer cannot easily replace its current suppliers. Disruptions to the supply chain are therefore likely to adversely affect the Issuer's ability to operate its business and may, if they persist, have an adverse effect on the Issuer's net sales, lead to increased costs and decreased customer satisfaction if the Issuer is unable to deliver goods on time or offer the same range of products, and in turn have adverse effects on the Issuer's financial position and results of operations.

There is also a risk that the Issuer's suppliers are unable to fulfil their obligations to the Issuer. It is imperative for the Issuer's business and reputation that the Issuer's suppliers meet agreed production quotas, quality standards and delivery times. Although the Issuer makes systematic assessments of suppliers and requires all new suppliers to sign its code of conduct in order to ensure a responsible and sustainable supply chain, the Issuer neither has full insight into the manufacturing process nor the ability to monitor the manufacturing process on site. There is a risk that suppliers fail to adhere to the Issuer's code of conduct or that deficiencies occur in manufacturing or quality standards. The Issuer is also exposed to local conditions with regard to working environments and conditions. For example, if a supplier were to violate local labour laws or standards or offer substandard working conditions

considered unacceptable in the Nordic or European countries, it may have an adverse effect on the Issuer's reputation and its brands.

**Dissatisfaction with the Issuer's customer service could undermine customer retention**

A satisfied and loyal customer base is crucial to the growth of the Issuer. The Issuer responds to customer complaints and questions by different means of communication. As of 30 September 2023, the Issuer had 38 individuals employed in its customer service department but the majority of the Issuer's customer service is outsourced externally. Even though the Issuer dedicates significant resources to its customer service, the Issuer may fail to handle consumer inquiries and complaints in a satisfactory manner. In 2022, the Issuer received approximately 850,000 customer service inquiries. Poorly handled complaints, or those perceived by the customer to be poorly handled, may have an adverse effect on customer satisfaction and loyalty, and thus affect the number of returning customers. If the Issuer fails to retain its customers due to poor customer service or customer dissatisfaction, this will have an adverse effect on the Issuer's net sales and future growth.

**The Issuer is exposed to risks attributable to the purchase and resale of products from third-parties, such as product liability and reputational risks**

The Issuer offers a very wide range of products within fashion and home interior, including beauty products and electronics. The products offered are both the Issuer's own products but also products from external brands. There is a risk that the products offered could cause damage or injuries to the Issuer's customers. Although the Issuer believes that its activities comply in all material respects with all applicable laws and regulations, the sale of defective products could result in recalls, product liability claims and/or administrative fines against the Issuer or its management. The wide range of products offered in combination with the fact that many of the products offered are not the Issuer's own products can increase the risk of defective or harmful products being sold as it is difficult for the Issuer to effectively check all products and/or monitor the manufacturing thereof. Even if a recall of a certain product appears unfounded or if a claim against the Issuer is not successful, the negative publicity that goes along with it could have an adverse effect on the Issuer's business and brand reputation with existing and potential customers as a result of assertions that the Issuer's products are harmful or have hidden defects. Also, any negative publicity caused by allegations of poor working conditions in one or more of the factories where the Issuer's products are manufactured could harm the Issuer's reputation and brand. The realisation of any of these risks, separately or combined, could lead to increased costs and thereby have an adverse effect on the Issuer's financial position and results of operations.

**The outcome of the ongoing dispute between the current and former shareholders of the Issuer may affect the ownership structure of the Issuer**

As a result of the Issuer's former owner filing a petition to commence insolvency proceedings in Belgium, Nordic Capital (through its holding company Cidron E-Com Sarl) initiated a process in February 2022 to become the owner of the Issuer by way of a share pledge enforcement in respect of the shares in the Issuer. The ownership of the Issuer was transferred to Cidron E-Com Sarl in June 2022, following receipt of required regulatory approvals. As the new owner of the Issuer, Nordic Capital has stated its active support for the Issuer and its current business plan.

The appointed bankruptcy trustees of the former owner's bankruptcy estate have opposed the enforcement of the share pledge over the shares in the Issuer and have initiated legal proceedings against, among others, Cidron E-Com Sarl in Belgium. If the bankruptcy trustees would be successful in challenging the share pledge enforcement, the remedies available would be either restitution in kind of the shares in the Issuer or damages from Cidron E-Com Sarl. Thus, there is a risk that the shares of the Issuer would become subject to restitution in kind and be retransferred to the bankruptcy estate of the former owner, in the event that the trustees would be successful in their claim against Cidron E-Com

Sarl. In this scenario, the shares of the Issuer would become an asset in the ongoing bankruptcy and could be subject to sales efforts by the bankruptcy trustees in order to realise the value of this asset and distribute the proceeds therefrom to the estate's creditors. There is a risk that such process and change of ownership could adversely affect the Issuer's operations and that the value that is realised for different equity and debt investors of the Issuer would not be maximised upon a potential sale in the context of a bankruptcy.

## **LEGAL AND REGULATORY RISKS**

### **The Issuer's financial services are regulated and subject to authorisations, and regulations may be amended to the Issuer's disadvantage**

As further described below, the Issuer offers certain financial services to its customers in the form of granting of credits and insurance mediation. The provision of such financial services is subject to strict financial regulatory requirements and consumer protection rules. Since the Issuer conducts financial services across the Nordics, the Issuer is required to adhere to such requirements in several different jurisdictions, as well as consider the specific regulatory aspects that apply when offering financial services on a cross-border basis.

The credit granting activities conducted by the Issuer in the form of invoicing and instalment payments are, amongst other, subject to requirements on creditworthiness assessments and documentation. Such requirements entail that a company may only grant credits to a consumer that the relevant consumer can afford. The company granting the credits must thus assess if the consumer can repay the credit and afford the interest payable thereon. The requirements relating to documentation of consumer credits includes a requirement to provide the customer with certain pre-purchase information and certain requirements relating to the storing of the agreement. Non-compliance with these or other applicable regulatory requirements could result in supervisory actions from governmental authorities and could potentially affect the validity and enforceability of certain credit agreements, which could have a significant adverse impact on the Issuer's financial position and results of operations.

The Issuer's mediated insurances include, among others, payment protection insurance. The Issuer companies are tied insurance intermediaries and thus, contractually obliged to indemnify the insurer should any claims be made against the insurer as a result of any misselling by the Issuer or insufficient or inaccurate information provided by the Issuer to the customer. In addition, the mediation of insurances poses both reputational and conduct risks, should the mediation not be conducted in compliance with the applicable legislation and regulations. If any of these risks materialises this may have an adverse effect on the Issuer's financial position and results of operations.

The Issuer's subsidiary Ellos Denmark A/S is licensed by the Danish Financial Supervisory Authority (the "DFSA") according to requirements in the Danish Act on Consumer Credit Businesses (the "**Consumer Credit Business Act**") for companies that offer sales financing. As a result, Ellos Denmark A/S is subject to the supervision of the DFSA. Failure by the subsidiary to comply with or properly implement legal requirements may lead to sanctions being imposed or ultimately that the license is withdrawn. If the DFSA were to impose sanctions or ultimately withdraw the license for any reason, it could have a material adverse effect on the Issuer's net sales and results of operation, and in turn its financial position and ability to conduct its operations as currently conducted.

As mentioned above, certain consumer protection rules apply to the Issuer. During recent years, consumer protection matters have received increased attention from a regulatory perspective in the Nordic countries. As an example, on 3 July 2023, the Swedish Government published an official report on the Swedish consumer credit market, which included extensive proposals on measures to counteract risky lending and over-indebtedness, including measures to strengthen consumer protection in the

marketing and sale of credits, tighter rules on assessment of creditworthiness, limitations and conditions for the pricing of credit, and a new main rule on set-off in case of distraint. It is proposed that most of these measures shall be implemented as amendments to the Swedish Consumer Credit Act (2010:1846) and enter into force on 1 January 2025. There is a risk that these and/or other new rules and the application of such can lead to declining conversion rates and/or reduced credit penetration, which may have adverse effects on the Issuer's financial position and results of operations. Any new requirements introduced could also mean that the Issuer would become subject to additional authorisation requirements and/or stricter rules relating to operational capacity and risk management, which in turn would result in compliance costs and potentially changes to the current business model of the Issuer.

Furthermore, an amendment to the Swedish Payment Services Act entered into force on 1 July 2020 whereby a new provision on display of online payment solutions was introduced, which requires that non-credit payment options shall be presented ahead of payment options that involve a credit. The Issuer is subject to legal court proceedings against the Swedish Consumer Ombudsman for reasons relating to the interpretation of this amendment. The Issuer has successfully contested the Swedish Consumer Ombudsman's claim in the first court instance, but the court ruling has been appealed by the Consumer Ombudsman. Should the court rule in favour of the Swedish Consumer Ombudsman's claim, the Issuer will be required to present non-credit options ahead of its own deferred payment options. There is a risk that such presentation can lead to declining customer conversion rates and that fewer customers choose to utilise the deferred payment options, and thus negatively affect the Issuer's credit penetration. If this risk was to materialise, it may have adverse effects on the Issuer's financial position and results of operations.

**Trade, import and export restrictions may cause adverse consequences for the Issuer's business**

The Issuer mainly relies on suppliers in Asia, primarily located in China, India and Bangladesh. Trade restrictions, export restrictions or other restrictions imposed by the relevant jurisdictions or import restrictions imposed by the EU or Sweden may adversely affect the availability of components and products and the Issuer's costs of goods sold, among others. The Issuer's costs of goods sold may also be adversely affected by, for example, export or import subsidies, custom duties, textile quotas, embargoes and similar circumstances. Furthermore, the Issuer's sales may be affected by customs duties, for example when exporting e-commerce products to Norway. Potential restrictions may increase purchase prices and limit the supplies of goods, which could increase the Issuer's costs of goods sold and affect the Group's net sales which, in turn, could have an adverse effect on the Issuer's financial position and results of operations.

**The Issuer may be unable to protect its intellectual property rights and could be at risk of infringing third-party intellectual property rights**

The Issuer's success depends, among other things, on its ability to protect, register and enforce its intellectual property rights. The Issuer holds several own brands, such as Ellos, Jotex and Homeroom. The Issuer also holds certain domain names and other intellectual property rights. The strength of these own brands is a material asset for the Issuer. Furthermore, the Issuer offers designs and products from third-party brands on its e-stores.

Fashion designers and other designers tend to follow similar trends and the Issuer's own designs may therefore resemble the design of other designers and companies. Hence, other designers or companies may claim that the Issuer infringes their intellectual property rights. Furthermore, the Issuer is not in control of the products of third-party brands offered on its e-commerce sites and those third-party products could also potentially infringe intellectual property rights of other designers or companies. As

all companies in the fashion industry, the Issuer is regularly subject to claims and disputes regarding infringements of third-party IPR rights in relation to products offered on the Group's websites. Furthermore, the Issuer's applications for registration of new trademarks are sometimes challenged.

The costs incurred in bringing or defending any infringement actions may be substantial, regardless of the merits of the claim, and an unsuccessful outcome for the Issuer may, among others, result in damages being payable and/or the Issuer being required to cease using any infringing intellectual property or embodiments of any such intellectual property.

Should the Issuer not be able to effectively protect its intellectual property rights, or fail to have proper third-party intellectual infringement indemnification rights in place in its supply agreements with the third-party brands, and/or should an infringement claim be brought against the Issuer, it could lead to increased costs and have an adverse effect on the Issuer's prospects, financial position and results of operations.

**Changes to taxation or the interpretation or application of tax laws could have an adverse effect on the Issuer's business, financial condition and results**

The Issuer's operations are conducted through subsidiaries in Sweden, Norway, Finland and Denmark and there are intra-group transactions to a varying extent between these companies. Tax laws may be changed and tax authorities in relevant countries may make judgments and decisions that differ from the Issuer's or its advisors' opinions regarding, for example, intra-group transactions, and such decisions may also have retroactive effect. Tax audits and investigations by Swedish and foreign tax authorities, for example, refer to assessments as to whether interpretation and application of laws and regulations in relation to direct and indirect tax were correct regarding current and past transactions or the Issuer's ongoing operations.

In the income tax return for the fiscal year 2020, the Issuer's subsidiary Ellos AB made a deduction of SEK 158.7 million and made an open disclosure in connection with the bankruptcy of multiple Belgian and Dutch entities ultimately owned by FNG NV. The cost incurred relates to a framework agreement for supply of goods between FNG Group NV (supplier) and FNG Nordic Buying Platform BV (with FNG Nordic Buying Platform BV acting on behalf of FNG Nordic AB and its subsidiaries, including Ellos AB) (purchaser). The deduction and a comment on this were reported in the tax return. In a reassessment decision on 19 October 2021, the Swedish Tax Agency announced that Ellos AB was denied deductions for these costs and the company was taxed with SEK 20.5 million and a tax surcharge of SEK 14.5 million. Ellos AB appealed the Swedish Tax Agency's decision, but the Swedish Tax Agency maintained its position in a reconsideration decision on 21 February 2023. The tax has been paid pending a decision regarding the appeal, while Ellos AB has been granted a respite to pay the tax surcharge. Ellos AB has appealed the Swedish Tax Agency's decision both in terms of the substantive issue and the tax surcharge. There is a risk that the Swedish Tax Agency will not amend its decision and that Ellos AB must pay tax surcharges of SEK 14.5 million.

If tax authorities carry out tax audits of companies within the Issuer, there is a risk that the Issuer's compliance with tax rules is questioned. There is also a risk that the Issuer will, by mistake or due to circumstances outside the Issuer's control, not comply with applicable tax regulations. Should any of these circumstances occur, it may lead to long-term litigation and to the Issuer being required to pay significant tax amounts, interests and other penalty charges. Tax audits and other audits by local tax authorities may also result in negative publicity, which may adversely affect the Issuer's reputation. Should the risks described above materialise, it could have an adverse effect on the Issuer's financial position and results of operations.

**Unlawful processing of personal data may make the Issuer liable to pay regulatory fines or become subject to other legal sanctions**

As part of its business operations, the Issuer handles large amounts of personal data on a daily basis of its approximately 5.6 million registered customers. Personal data collected in the course of the business operations, as well as via the use of cookies on the web sites, is processed for several purposes, such as for analysis of user behaviour (profiling) in order to provide the customers with personalised offers. In relation to the credit and insurance mediation business, certain privacy sensitive categories of personal data are processed, such as personal data concerning creditworthiness processed in connection with credit checks.

The General Data Protection Regulation ("GDPR") sets out extensive compliance requirements, including obligations regarding transparency in relation to the data subjects, documentation of policies and procedures, contractual arrangements and notification of data breaches. These requirements affect personal data processing from its very commencement, that is the initial data collection, and are applicable to the continued processing of the personal data until it is erased or destroyed. The obligations under the GDPR require consistent internal monitoring and robust compliance frameworks, as well as adequate due diligence and contractual arrangements with third-party providers who process personal data on the Issuer's behalf. If the personal data processed is of privacy sensitive nature, the obligations to properly protect and maintain secrecy and integrity of the personal data are even higher.

Moreover, informed consent by the data subject is required for the placement of cookies and similar technologies on a user's digital device and for some types of direct electronic marketing. Regulators are giving increased attention to cookies and tracking technologies. Forthcoming European legislative proposals indicate that current national laws implementing the ePrivacy Directive are highly likely to be replaced by an EU regulation known as the ePrivacy Regulation. Changes in the laws or enforcement on the use of cookies and similar technologies could lead to costs, require systems changes and limit the effectiveness of the Issuer's marketing activities.

In order to ensure continuous compliance with the GDPR, the Issuer needs to dedicate specific internal resources – and to some extent engage external advisors – to for example monitor, assess, document and govern the Issuer's processing of personal data, which may be both time consuming and costly. Further, the Issuer's measures to maintain secrecy and integrity of personal data and protected information as well as the justification and lawfulness of the personal data processing could prove to be insufficient and the Issuer has for example previously experienced certain personal data breaches, of which certain have been reported to the relevant supervisory authorities and the Swedish Authority for Privacy Protection has requested the Issuer to provide certain information regarding potential unauthorised access to personal data.

Any failure, or perceived failure, by the Issuer to comply with regulations, industry standards or codes of conduct, regulatory guidance, orders to which the Issuer may be subject or other legal or contractual obligations relating to privacy, data protection, information security or consumer protection could adversely affect the Issuer's reputation, brand and business, and may result in claims, proceedings or actions against the Issuer by governments or others, and may result in significant fines and/or damages being payable, which could have a material adverse effect on the Issuer's financial position and results of operations, in addition to requiring the Issuer to change its operations and/or cease or modify certain data. The GDPR, and national legislation in EEA member states, impose a strict data protection compliance regime which contains stringent administrative fines of up to a maximum amount being EUR 20 million, or four per cent of a group's annual global turnover for the failure to comply with its rules of personal data protection.



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

The Issuer 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. For example, the Issuer does not own any production facilities or factories but instead cooperate with suppliers and agents in primarily Asia with the largest volumes being produced in China, India and Bangladesh where the risk for corruption could be considered to be higher than in the Nordics. Even though the Issuer has currently implemented a policy for business ethics and anti-corruption and a whistle-blower policy, the Issuer's governance and compliance processes may not prevent breaches of law or regulations by the Issuer or by its subsidiaries. Any failure by the Issuer to comply with applicable laws and other standards could subject the Group to fines and reputational harm, among others.

Additionally, individual employees may not comply with the Issuer's policies and guidelines and as a result may cause the Issuer to incur compliance costs and cause the Issuer reputational damage. Furthermore, the Issuer is also dependent on its suppliers and agents complying with for example local laws and regulations, working environment standards, human rights, anti-corruption and non-discrimination. The Issuer relies upon governance, internal control and compliance systems, the effective operation of which will be necessary for the Issuer to accurately and effectively compile the Issuer's financial results and monitor its internal control processes. Any problems with these systems could have an adverse effect on the Issuer's business and inadequate internal controls could cause investors and other third-parties to lose confidence in the Issuer.

**FINANCIAL RISKS**

**The Issuer may fail to agree on a long-term financing solution to refinance its debt**

The external financing of the Issuer consists of the Issuer's outstanding SEK 1,500,000,000 Senior Secured Callable Floating Rate Bonds, which were issued by the Issuer on 25 July 2019 with ISIN SE0012827996, (the "**Bonds**"), maturing on 25 July 2024, and a SEK 350 million super senior revolving credit facility with Swedbank AB (publ), which is intended to be fully refinanced with the proceeds from the New Super Senior Bonds. As of 30 September 2023, the Issuer's net debt amounted to SEK 1,505 million.

The Issuer and its owner Nordic Capital have used substantial time and resources in exploring various long-term financing solutions for the Issuer. Whilst such dialogues have been constructive, there is a risk that the Issuer will not be able to agree on a long-term financing solution prior to the maturity date of the Bonds, or that any such solution will only be possible to agree on terms that are unfavourable for the Issuer and its stakeholders.

As such, the Issuer's assessment is that its current working capital will not be sufficient for its needs during the coming twelve-months period. Consequently, failure to agree on a long-term financing solution for the Issuer may result in the Issuer not being considered a going concern and having to pursue other less optimal funding solutions and, if not successful, being in default under all outstanding debt at such point in time, and having to enter into insolvency proceedings and/or that the Secured Parties under the Bonds enforces its rights under the terms of the Bonds (please see further under "*Risks related to the transaction security and guarantees*" below).

**The Issuer is exposed to credit risks, such as in relation to defaulting consumers**

The Issuer has a direct credit risk relates to trade receivables. Trade receivables are amounts that are due from customers for sold goods or performed services performed in the Issuer's ordinary course of business. As set out in the section "*Risks related to the Issuer's operations and industry – The Issuer's*

*net sales are to a certain degree attributable to its offering of payment solutions and financial services"* above, consumer credits are a fundamental element in the Issuer's business model. Although receivables are continually sold on a true sale basis under the factoring programme with Resurs Bank, the remuneration which the Issuer receives under such factoring programme is a variable of the default rate in the portfolio of transferred receivables. Hence, the Issuer is indirectly exposed to a credit risk in relation to defaulting consumers. Higher than average default rates may adversely affect the Issuer's trade receivables and thus the Issuer's net sales. The Issuer is furthermore exposed to financial credit risks in the event that counterparties with whom the Issuer has deposited cash and other financial assets cannot fulfil their obligations. If the actions taken by the Issuer to manage credit risks would prove to be inadequate, this could have a negative effect on the Issuer's financial position and results of operations.

### **The Issuer is exposed to fluctuations in foreign exchange rates**

The Issuer is exposed to currency risk, which is the risk that currency exchange rate fluctuations have an adverse effect on the Issuer's cash flow and financial position or its consolidated income statement or balance sheet since the Group predominantly generates net sales in the Nordic countries and certain European countries and procures goods from Asia and Europe. Exchange rate fluctuations affect the Issuer's results in part due to its sales and purchases in foreign subsidiaries being made in different currencies (transaction exposure), and in part due to the Issuer's consolidated income statement and balance sheet items being translated from foreign currencies into the Issuer's reporting currency, which is Swedish krona (SEK) (translation exposure).

The Issuer generates a significant portion of its sales in Euro (EUR), Norwegian krone (NOK) and Danish krone (DKK) and incurs a significant portion of its expenses primarily in U.S. dollar (USD) and to a lesser extent in EUR. To the extent that the Issuer incurs costs in one currency and generates sales in another, its profit margins may be affected by changes in the exchange rates between the two currencies. Generally, appreciation of the USD or depreciation of EUR, NOK and DKK against SEK would have an adverse effect on the Issuer's profit margins and net sales. The Issuer predominantly enters into forward contracts of the estimated currency flows regarding import to and export from Sweden of goods and services to hedge against exposure to transaction and exchange rate risks. However, to the extent the Issuer is not able to set-off the transaction exposure, fluctuations in foreign exchange rates, it could result in an adverse effect on the Issuer's results and financial position. As of 31 December 2022, a change of + 10 per cent in the SEK exchange rate had an impact on profit/loss before tax of SEK 0.6 million based on translation of trade payables and external and internal trade receivables in foreign currency.

In order to prepare its consolidated financial statements, the Issuer must translate assets, liabilities, revenues and expenses in the subsidiaries into SEK at the then-applicable exchange rates. Consequently, increases and decreases in the value of SEK versus such other currencies will affect the amount of these items in its consolidated financial statements, even if their value has not changed in their original currency. These translations could significantly impact the Issuer's financial position or results and the comparability of the Issuer's results between periods. Currency exchange fluctuations may also adversely affect the Issuer's competitiveness and customer demand and therefore have an adverse effect on the Issuer's financial position and results.

### **Impairment of intangible assets may have a negative impact on the Issuer's business, financial position and results**

As of 30 September 2023, intangible assets mainly comprising customer relationships and brands amounted to SEK 1,509.4 million, equal to 46.1 per cent of the Issuer's total assets. Goodwill and other intangible assets are tested at least annually to identify any necessary impairment requirements. Assumptions regarding the future, growth, profitability and financing are key parameters in valuing

customer relationships and brands and there is a risk that such assumptions will change in the future. In the event that future impairment tests result in write-downs in the value of goodwill or other intangible assets, this would have an adverse effect on the Issuer's financial position and results.

**The Issuer is exposed to interest rate risks which may affect financial income and expenses, cash flow and/or profits**

The Issuer is exposed to interest rate risk, which is the risk that the value of financial instruments, interest-bearing assets and liabilities and income, costs and cash flows will change as a result of changes in the market rate. The Issuer is also exposed to interest rate risk through interest-bearing loans, which are one of the Issuer's sources of financing in addition to equity and cash flow from operating activities.

The Issuer may from time to time finance its operations by borrowing funds and a portion of the Issuer's cash flow may therefore be used to service interest liabilities, see above under "*The Issuer may not be able to obtain financing on favourable terms, or at all, and may encounter difficulties in repaying its debt and financing or refinancing its operations*" for information on the Issuer's current financing. The Issuer's exposure to interest rate risks through its operating are primarily attributable to the factoring programme with Resurs Bank, where increased borrowing costs generally reduce the remuneration payable by Resurs Bank.

If interest rates were to rise by one percentage point in all countries in which the Group has borrowings or investments, the hypothetical effect on the total amount of net financial income and expense would be SEK -15 million before tax as of 31 December 2022. Changes in interest rates affect the Issuer's interest costs and may lead to changes in actual value, changes in cash flows and fluctuations in the Issuer's result, which in turn could have an adverse effect on the Issuer's financial position and results of operations.

**RISKS RELATED TO THE BONDS**

**Risks related to the transaction security and guarantees**

Although the obligations under the Bonds and certain other obligations of the Group towards the holders of the Bonds (the "**Bondholders**") and certain other creditors (jointly the Secured Parties) are secured by first priority security including guarantees, there is a risk that the proceeds of any enforcement sale of the security assets or enforcement of guarantees will be insufficient to satisfy all amounts then owed to the Secured Parties. It is also possible that the security over the shares in the subsidiaries in the Group becomes less valuable or ineffective due to intercompany debt owing to the Issuer from the subsidiaries in the Group.

The relation between the Secured Parties will be governed by the Intercreditor Agreement between, among others, the Issuer, the security agent initially being Nordic Trustee & Agency AB (publ) (in this capacity the "Security Agent") and the Secured Parties. The Security Agent may for example release the transaction security and guarantees, subject to the terms of the Intercreditor Agreement. Any such release may negatively affect the combined value of all guarantees and transaction security.

The Security Agent will take enforcement instructions from the Secured Parties. However, the Security Agent may act in a manner that the Bondholders believe is to their detriment and in some situations the other Secured Parties may give enforcement instructions to the Security Agent.

**If an investor holds Bonds which are not denominated in the investor's home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding**

The Issuer will pay principal and interest on the Bonds in SEK. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or

currency unit (the “**Investor’s Currency**”) other than SEK. These include the risk that exchange rates may significantly change (including changes due to devaluation of SEK or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to SEK would decrease (1) the Investor’s Currency equivalent yield on the Bonds, (2) the Investor’s Currency-equivalent value of the principal payable on the Bonds and (3) the Investor’s Currency-equivalent market value of the Bonds.

### **Risk related to put options and early redemptions**

According to the proposed amendments to the Terms and Conditions, the Bonds will be subject to prepayment at the option of each Bondholder (put option) if (i) Nordic Capital ceases to own and control at least 50.1 per cent of the share and voting capital in the Issuer, or (ii) if the Bonds cease to be listed on Nasdaq Stockholm or another regulated market. However, there can be no assurance that the Issuer will have sufficient funds at the time of such prepayment to make the required redemption of the Bonds which could adversely affect the Issuer, for example by causing insolvency or an event of default under the Terms and Conditions, and consequently adversely affect all Bondholders and not only those that choose to exercise the option.

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

### **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 security laws. It is each potential investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a Bondholder cannot sell its Bonds as desired. Restrictions relating to the transferability of the Bonds could have a negative effect for certain Bondholders.

### **Benchmark Regulation**

The process of the calculation of STIBOR and other interest rate benchmarks have been subject to legislator attention. As a result, a number of legislative measures have been taken, whereof some have been implemented and others are going to be implemented. The most important initiative on the subject matter is the so-called Benchmarks Regulation that entered into force 1 January 2018 in the EU which regulates the provision of a benchmark, contribution of input data for the purpose of determining a benchmark and the operation of benchmarks within the EEA. There is a risk that the Benchmarks Regulation may affect how interest rate benchmarks are calculated. This in turn may give rise to increased volatility for some interest rate benchmarks. In addition, the increased administrative requirements and the associated regulatory risks may decrease the will of some parties to participate in the determination of interest rate benchmarks or to the fact that certain interest rate benchmarks will

cease to be published entirely. If this happen to a benchmark that is applicable to the Bonds, this may have an adverse effect on the relevant Bondholder's investment.

## **RISKS RELATED TO THE NEW SUPER SENIOR BONDS**

### **Risks related to the nature of the New Super Senior Bonds**

***If an investor holds New Super Senior Bonds which are not denominated in the investor's home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding***

The Issuer will pay principal and interest on the New Super Senior Bonds in SEK. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than SEK. These include the risk that exchange rates may significantly change (including changes due to devaluation of SEK or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to SEK would decrease (1) the Investor's Currency-equivalent yield on the New Super Senior Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the New Super Senior Bonds and (3) the Investor's Currency-equivalent market value of the New Super Senior Bonds.

### ***Risks related to put options, mandatory prepayment and early redemptions***

According to the Terms and Conditions, the New Super Senior Bonds will be subject to prepayment at the option of each New Bondholder (put option) if (i) Nordic Capital ceases to own and control (directly or indirectly) at least 50.10 per cent of the share and voting capital in the Issuer or (ii) if the Bonds is refinanced or repurchased by the Issuer in full. However, there can be no assurance that the Issuer will have sufficient funds at the time of such prepayment to make the required redemption of New Super Senior Bonds which could adversely affect the Issuer, for example by causing insolvency or an event of default under the Terms and Conditions, and consequently adversely affect all holders of the Bonds (the "**Bondholders**") and not only those that choose to exercise the option.

Furthermore, the New Super Senior Bonds will be subject to a mandatory early redemption in full by the Issuer if the conditions precedent for disbursement have not been fulfilled within five (5) business days of the issue date at 100.00 per cent of the nominal amount of the New Super Senior Bonds redeemed together with accrued but unpaid interest. However, there is a risk that the market value of the New Super Senior Bonds is higher than such redemption amount and that it may only be possible for New Bondholders to reinvest such proceeds at a significantly lower effective interest rate.

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

### ***Restrictions on the transferability of the New Super Senior Bonds***

The New Super Senior 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 New

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

#### ***Risks related to the maturity of the Bonds***

The maturity date for the Bonds is 25 July 2024 and therefore constitutes short-term debt for the Issuer, which will require to be refinanced by the Issuer in the near future. Whilst the Issuer has for a period of time been involved in active dialogues with different financing providers with respect to its long-term financing, the Issuer does not currently have access to any long-term financing. If the Issuer fails to refinance the Bonds, and procure a long-term financing, the Issuer may not be able to ensure uninterrupted operational performance, which could have an adverse impact on the Issuer's financial situation, its ability to repay the New Super Senior Bonds and may adversely impact the value of the New Super Senior Bonds.

#### **Risks related to the Transaction Security and Guarantees**

##### ***Risks related to the Transaction Security and the Guarantees***

Although the obligations under the New Super Senior Bonds and certain other obligations of the Group towards the holders of the New Super Senior Bonds (the "**New Bondholders**"), the Bondholders and certain other creditors (jointly the Secured Parties) will be secured by first priority security including guarantees, there is a risk that the proceeds of any enforcement sale of the security assets or enforcement of guarantees will not be sufficient to satisfy all amounts then owed to the Secured Parties or the amounts then due in respect of the New Super Senior Bonds. Furthermore, if the Issuer increases the New Super Senior Bonds commitments and/or incurs capex facility commitments or hedging obligations, the security position of the current New Bondholders may be impaired.

The relation between, among others, the New Bondholders and the Bondholders will be governed by the Intercreditor Agreement between, among others, the Issuer, a security agent initially being Nordic Trustee & Agency AB (publ) (in this capacity, the "**Security Agent**"), and the Secured Parties. The Security Agent may for example, release Transaction Security and Guarantees, subject to the terms of the Intercreditor Agreement and in accordance with the terms of the Transaction Security Documents, the Guarantee Agreement and the Intercreditor Agreement. Any such release may negatively affect the combined total value of all Guarantees and the Transaction Security.

The Security Agent will take enforcement instructions from the Secured Parties. However, the New Bondholders will only be able to give enforcement instructions to the Security Agent in certain situations, such as where the New Bondholders have requested enforcement action to be taken but the Bondholders have not provided any enforcement instruction to the Security Agent within three (3) months after the initial enforcement instructions have been given, or where an enforcement action requested by the Bondholders has not resulted in any enforcement proceeds being made available to the Security Agent within six (6) months after the initial enforcement instructions. Furthermore, the Security Agent may act in a manner that the New Bondholders believe is to their detriment

The New Bondholders and the other Secured Parties will be represented by the Security Agent in all matters relating to the Transaction Security and the Guarantees. 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 and the Guarantees. The Transaction Security and Guarantees are subject to certain hardening periods during which times the Secured Parties do not fully, or at all, benefit from the security.

Subject to the terms of the Intercreditor Agreement, the Security Agent is entitled to enter into agreements with the Issuer or a third party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the Transaction Security and the Guarantees or for the purpose of settling, among others, the New Bondholders' rights to the security. Although there is a limitation that such actions shall not be taken if the Security Agent deems the action to be detrimental to the interests of the New Bondholders, it cannot be guaranteed that actions will not be taken that may be considered to be detrimental in the view of some or all of the New Bondholders.

***Risks related to the enforcement of the Transaction Security and the Guarantees***

The Transaction Security and Guarantees may be subject to certain limitations on enforcement (in addition to those set out in the Intercreditor Agreement) and may be limited by applicable Swedish or other relevant law or subject to certain defences that may limit its validity and enforceability.

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

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

***Security granted to secure the New Super Senior Bonds may be unenforceable or enforcement of the Transaction Security and Guarantees may be delayed***

The insolvency laws of Sweden or other applicable jurisdictions may preclude or limit the right of the New Bondholders from recovering payments under the New Super Senior Bonds. The enforceability of the Transaction Security and the Guarantees may be subject to uncertainty. The security may be unenforceable if (or to the extent), for example, the granting of the security was considered to be economically unjustified for such security providers (corporate benefit requirement). The security may also be limited in value, among others, to avoid a breach of the corporate benefit requirement. Furthermore, the Transaction Security and Guarantees will be subject to certain limitations relating to financial assistance in the relevant jurisdictions.

The security may not be perfected, among others, if the Security Agent or the relevant security provider is not able to or does not take the actions necessary to perfect or maintain the perfection of any such security, or if the pledgor has a right to dispose of assets subject to security. Such failure may result in the invalidity of the relevant Transaction Security and Guarantee or adversely affect the priority of such security interest, including a trustee in bankruptcy and other creditors who claim a security interest in the same security.

If the Issuer is unable to make repayment under the New Super Senior Bonds and a court renders a judgment that the security granted in respect of the New Super Senior Bonds is unenforceable, the New Bondholders may find it difficult or impossible to recover the amounts owed to them under the New Super Senior Bonds. Therefore, there is a risk that the security granted in respect of the New Super Senior Bonds might be void or ineffective. In addition, any enforcement may be delayed due to any inability to sell the security assets.

#### ***Risks relating to release of Transaction Security and the Guarantees***

The Security Agent may at any time (without the prior consent of all the New Bondholders), acting on instructions of the Secured Parties, release the Transaction Security and Guarantees in accordance with the terms of the Intercreditor Agreement. Although the Transaction Security and Guarantees shall be released pro rata between the Secured Parties and continue to rank pari passu between the Secured Parties, such release will impair the security interest and the secured position of the New Bondholders.

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

The Issuer and its subsidiaries may, subject to certain limitations, from time to time incur additional financial indebtedness and provide additional security for such indebtedness. In the event of bankruptcy, re-organisation or winding-up of the Issuer, the New Bondholders will be subordinated in right of payment out of the assets being subject to security. For information on similar events of a subsidiary, please refer to section “Insolvency of subsidiaries and structural subordination” below.

#### ***Insolvency of subsidiaries and structural subordination***

In the event of insolvency, liquidation or a similar event relating to one of the Issuer’s subsidiaries, all creditors of such subsidiary 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. Defaults by, or the insolvency of, subsidiaries of the Issuer may result in the obligation of the Issuer 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. The Issuer and its assets would not be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise.

Further, the Group operates in various jurisdictions and in the event of bankruptcy, insolvency, liquidation, dissolution, re-organisation or similar proceedings involving the Issuer or any of its subsidiaries, bankruptcy laws other than those of Sweden could apply. The outcome of insolvency proceedings in foreign jurisdictions is difficult to predict and could have a material and adverse effect on the potential recovery in such proceedings, which in turn carries a risk in relation to the New Bondholders not receiving payment under the New Super Senior Bonds.

#### ***Risks related to the New Bondholders’ rights and representation***

##### ***No action against the Issuer and Bondholders’ representation***

In accordance with the Terms and Conditions, the Agent represent all Bondholders in all matters relating to the New Super Senior Bonds and the New Bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual New Bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the New Bondholders agree to take such action. However, there is a risk that an individual New 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 New Super Senior Bonds or other action against the Issuer.



To enable the Agent to represent New Bondholders in court, the New Bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all New Bondholders to submit such a power of attorney could negatively affect the legal proceedings. Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all New Bondholders. Consequently, there is a risk that the actions of the Agent in such matters will impact a New Bondholder's rights under the Terms and Conditions in a manner that is undesirable for some of the New Bondholders.