



## Stillfront Group AB (publ)

Prospectus for admission to trading on the  
Corporate Bond List of NASDAQ Stockholm

**Up to SEK 1,000,000,000**  
**Senior Floating Rate Bonds due 2022**  
**ISIN: SE0011897925**

*Issuing Agent and Joint Bookrunner*



*Joint Bookrunner*



*Joint Bookrunner*



Prospectus dated 9 January 2019

# Important Notice

This prospectus (the “**Prospectus**”) has been prepared by Stillfront Group AB (publ) (reg. no. 556721-3078) (the “**Company**” or the “**Issuer**”), a public limited liability company incorporated in Sweden with registered address Sveavägen 9, 111 57 Stockholm, Sweden, in relation to the application for listing of its up to SEK 1,000,000,000 senior floating rate bonds due 2022 with ISIN: SE0011897925 (the “**Bonds**”) on the Corporate Bond List of NASDAQ Stockholm AB (“**NASDAQ Stockholm**”). This Prospectus has been prepared in accordance with the rules and regulations of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as amended by the Directive 2010/73/EC of the European Parliament and of the Council. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with the provisions in Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on NASDAQ Stockholm. This Prospectus may not be distributed in any country where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and may be subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws. No offering is made to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Republic of Italy, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S. person), or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

The Bonds may not be a suitable investment for all investors and each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact other Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (iv) understand thoroughly the Terms and Conditions; and
- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company’s auditors. Certain financial information in this Prospectus may have been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them.

This Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Company’s management or are assumptions based on information available to the Group. The words “considers”, “intends”, “deems”, “expects”, “anticipates”, “plans” and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Although the Company believes that the forecasts or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting the Group’s operations. Such factors of a significant nature are mentioned in section “*Risk factors*” below.

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

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

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

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

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# Risk Factors

*Investments in bonds always entail a certain degree of risk and this is also the case for an investment in the Bonds. A number of factors, both within the Issuer's control but also factors not controllable by the Issuer, affect, or could affect, the Issuer's profit, financial position and the Bonds. Described below, in no particular order of importance and without claim to be exhaustive, are the risk factors and significant circumstances considered to be material to the Issuer's business and future development. The risk factors currently applicable, both general risks attributable to the Issuer's operations and risks linked directly to the Bonds in their capacity as financial instruments, are described below. The intention is to describe risks that are linked to the Issuer's business and thus also the Issuer's ability to fulfil its obligations in accordance with the Terms and Conditions and the market risks associated with the Bonds.*

*Before making a decision about acquiring the Bonds, any potential investors should carefully consider the risk factors described below, as well as any other information provided about the Issuer and the Bonds. In addition, an investor must, alone or together with its financial and other advisers, and from its own perspective, make a general evaluation of external facts, other information provided and general information about the markets on which the Issuer conducts its business. An investor should have adequate knowledge to evaluate the risk factors as well as sufficient financial strength to bear these risks.*

*Additional risk factors that are not currently known or not currently considered to be material may also affect the Issuer's future operations, performance, results and financial position, and thus the Issuer's ability to fulfil its obligations in accordance with the Terms and Conditions.*

*All risk factors described below may potentially adversely affect the Issuer's operations, financial position and results. In turn, this would affect the Issuer's ability to fulfil its obligations in accordance with the Terms and Conditions.*

## **Risks related to the Group and its business**

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### **The continued success and growth of the Group's business is reliant on its ability to continue to develop new games and enhance its existing range of games**

The Group's ability to increase revenues and profitability is reliant on its ability to regularly develop new games and enhance existing games in ways that improve the gaming experience for both paying and non-paying players while encouraging the purchase of virtual items within games. If the Group's current game development model ceases to be effective in creating or acquiring games that appeal to new as well as existing players and developing existing games to continue to retain the interest of its existing range of games, its customer base will cease to grow at the current rates which are central to the Group's business model. Furthermore, regular failure to successfully adapt games that are popular with the Group's most frequent users to mobile and social platforms will significantly reduce the potential of existing titles, with the effect that operating results may be materially adversely affected. There can be no assurance that the Group will continue to be able to adapt a sufficient number of games, if any, on existing platforms or to be played on new media platforms successfully to generate the significant purchases of virtual items that the Group's current strategy and financial growth rely on.

The Group's ability to successfully develop new games and enhance existing games and their ability to achieve commercial success is subject to a number of challenges, including: the need to continually anticipate and respond to changes in the games industry, particularly in the mobile and social platforms; the ability to compete successfully against a large and growing number of industry participants; the ability to develop and launch new game IP and games on time and on budget; the ability to develop new game formats that drive engagement and monetization; the ability to adapt to changing player preferences; the ability to enhance existing games by adding features and functionality that will encourage continued engagement with the game; the ability to hire and retain skilled personnel as the Group seeks to expand its development capabilities; the ability to achieve a positive return on advertising investments and to continue to experience success with organic viral growth; and the need to minimize and quickly resolve bugs or outages.

If the Group is unable to develop new and enhance existing games that generate meaningful revenue, its financial condition and results and accordingly its ability to service its payment obligations under the Bonds could be materially adversely affected.

**The Group has a relatively short history**

The Group was founded in 2010 through the merger of a number of smaller gaming companies. Currently, the Group operates through ten near-autonomous subsidiaries: Bytro Labs in Germany, Coldwood Interactive in Sweden, Power Challenge in the UK and Sweden, DOG Productions Limited in Malta, Babil Games in UAE and Jordan, Goodgame Studios in Germany, OFM Studios in Germany, eRepublik Labs in Romania and Ireland, Simutronics in the US, and Imperia Online in Bulgaria. Although some of the games included in the Group's portfolio have a relatively long history, the Group as a whole has a relatively short history. The Group's relationships with customers have been established relatively recently, making it difficult to evaluate the longevity and strength of those relationships, and their potential impact on the Group's future prospects. Although the Group has performed strongly financially in 2015 through Q2 2018 with organic sales growth the Group has not yet on a continuous basis been able to show substantial revenues. There is a risk that the Group's strategy and business model will not be successful in achieving the anticipated revenues in the future resulting in a need for further capitalisation and thereto related consequences and risks for the financial condition and results of the Group.

**A limited number of games currently generate a majority of the Group's revenue**

The Group has a wide array of games in its portfolio. However, the Group relies on a relatively small number of games to generate the majority of the Group's revenues. The eight most popular games in the Group's current offering represented more than 90 per cent of the revenues of the Group in 2018 (up and until Q2). If the gross bookings of the Group's top games are lower than anticipated and the Group is unable to broaden its portfolio of games or increase gross bookings from those games, the Group will not be able to maintain or grow its revenue and its financial condition and results could be materially adversely affected.

**Negative perceptions and publicity surrounding the gaming industry and lack of trust and adoption of online payment systems and other transactions systems could adversely affect the Group's business, financial condition and results of operations**

The online gaming industry is exposed to publicity relating to gaming behaviour, gaming by minors and risks related to online gaming. Adverse or negative perceptions and other concerns regarding the gaming industry, even if not directly connected to the Company's business, could have a material and adverse effect on the Group. For example, if a perception develops that the online gaming market is failing to address public concerns, the resulting political pressure and public sentiment may result in increased regulation of the online gaming market, and such regulation could have a material adverse effect on the Group's business, financial condition and results of operations. Part of the Group's business relies on the trust and adoption of online payment and other transaction systems by its customers' end users. Historically, end users have been reluctant to adopt internet payment methods as a secure and trusted means of transferring fund, and although end users have become more willing to make online payments and other transfers over the internet, public opinion may turn against such systems and end users may cease to adopt online payments and other transfers as a trusted, reliable and secure type of transaction. To the extent that there is slower acceptance by potential end users or a popular trend against such forms of payment, the Group's growth strategy and expectations could be adversely impacted, which could have a material adverse effect on the Group's business, financial condition and results of operations.

**If the Group fails to properly manage growth, its business may be adversely affected**

The Company has been growing rapidly which increases the demands on management and operational control, information and reporting systems as well as financial control. To achieve the Company's revenue and growth goals, the Company must successfully manage business opportunities, revenue streams, product and service quality and operations, and increase capacity and infrastructure as required by customer demand across the territories in which the Company operates. This also requires that the Group is successful in finding qualified personnel. The Company may explore new and diversified revenue generating strategies, and the increasing business complexity of operations may place additional requirements on the Company's systems, controls, procedures and management, which may strain the Company's ability to successfully manage future growth. The Company may fail to successfully implement revenue or cost strategies. These problems could result in delays in fulfilling customer demands and increased expenses for the Company. Any such delay or increased expenses could have a material adverse

effect on the Group's business, financial condition and results of operations. Future growth will also impose significant added responsibilities on management, including the need to identify, recruit, train and integrate additional employees. The Company may fail to successfully manage such developments and growth in the future. If the Company is unable to effectively manage its growth, or is unsuccessful in adapting to changes and increased requirements resulting from expansion, there could be an adverse effect on the Group's growth, which could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group's business may be adversely affected by competition from other online gaming developers and console developers**

The Group operates in a highly competitive industry. Competition may very well intensify as new online game developers, publishers and operators enter the gaming business sector or current competitors expand their offerings. Online gaming products and services are also sensitive to consumer trends and the improvement and expansion of product offerings by the Group's competitors may attract customers away from the Group's products and reduce the Group's market share. Failure to compete effectively may result in a loss of customers and an inability to attract new customers.

Increased competition can also lead to lower margins and pressure from customers in respect of the prices charged by the Group as the Group may be forced to lower its prices to retain its customers and market share. In addition, certain competitors may offer a more attractive range of online games or ancillary products and services than the Group does, which could lead to pressure from customers to develop or offer similar products and services, and may result in the loss of such customers or increased development costs associated with developing a specific type of product or service. A failure to deal with the emergence of such increased competition quickly and effectively could have a material adverse effect on the Group's business, financial condition and results of operations.

Increased marketing costs could have a material adverse effect on the Group's business, financial condition and result of operations.

**The Group must be innovative and adapt to technological advances and consumer preferences and demands**

The Group's success is dependent on its ability to successfully innovate, develop and release new games. In addition, the online gaming industry is driven by the preferences and demands of end users, and gaming developers, publishers and operators must continuously offer new products and services in order to attract and retain a broad range of end users. In an industry characterised by the rapid emergence and development of new products, services, technologies and end user practices, it is imperative that the Group updates its existing products, services and proprietary technology. Widespread adoption of new internet technology and higher standards could require the Group to commit significant funding to replace, upgrade, modify or adapt its existing supply, which could negatively impact the Group's business, financial condition and results of operations.

**The Group is dependent on certain key individuals and employees and the loss of such persons, or difficulties in attracting new employees, may negatively impact the Group's business and ability to implement current and future strategies**

The Group's business is dependent on certain key individuals, senior executives and persons with specialist competence, some of whom are the founders of Group Companies. These key persons have established good relationships with market participants and have a good understanding of the environment in which the Group operates. Accordingly, these key persons are central to the successful development of the Group's business. If any of these key persons terminate their relationships with the Group, or materially change or reduce their roles within the Group, the Group may not be able to replace them or their services on a timely basis with other professionals capable of making comparable contributions to the Group's business. In order to retain key individuals and employees the Group may encounter increased costs for remuneration to these individuals in terms of bonuses and other incentives. Furthermore, the Group's ability to compete effectively in the markets in which it operates depends upon its ability to retain and motivate its existing workforce. The failure by the Group to retain key personnel or to attract new talent, or a significant increase in the cost of doing so may have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group has made and may make acquisitions that prove unsuccessful or strain or divert the Group's resources**

The Group has grown by means of making acquisitions of online game developing companies which entails lingering risks in terms of legal, marketing and financial risks associated with the target companies as well as the risk of failing to properly integrate the acquired companies into the Group. Such transactions may also make the Group's historical financial data difficult to compare from year to year. Furthermore, the true future value of a target company may prove to be difficult to correctly evaluate at the time of an acquisition. The Group intends to continue to grow its business by continuing to make acquisitions to support future growth and profitability. Successful growth through acquisitions is dependent upon the Group's ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms, and complete such acquisitions and integrate the target companies or businesses into the Group. In future, the Group may not be able to generate expected margins or cash flows, or realise the anticipated benefits of acquisitions, including growth or expected synergies. The Group's assessment of and assumptions regarding acquisition targets may prove to be incorrect, and actual development may differ significantly from expectations. Furthermore, deferred payments and earn-out payments to the sellers of the acquisition targets are based upon the future performance of the acquisition targets. Underestimation of such performance may result in larger cash payment and/or larger dilution of the shareholding in the Company than predicted at the time of the acquisition. The Group may not be able to integrate acquisitions successfully and such integration may require more investment than anticipated, and the Group could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees or other parties. The process of integrating acquired targets may also be disruptive to the Group's operations, as a result of, among other things, conflicting interests with minority shareholders of non-wholly owned subsidiaries, unforeseen legal issues, and difficulties in realising operating synergies or a failure to maintain the quality of services that have historically been provided thereby affecting its reputation, all of which could cause the Group's results of operations to decline. Furthermore, future acquisitions may divert management's attention from day to day business and may result in the incurrence of additional debt. Should any of the above occur in connection with an acquisition, they may result in a material adverse effect on the Group's business, financial condition and results of operations.

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

The Group's ability to grow its business successfully depends, amongst other things, on its ability to protect, register and enforce its intellectual property rights.

In the early stages of the life cycle of the Group's games, the Group mainly relies on trademark protection through trademark registration. With regard to trademark registration, some of the Group's brands and logotypes are not registered trademarks and/or pending trademark registration and there is no guarantee that the Group will be able to complete such registrations in respect of such brands and logotypes and/or any future brands or logotypes.

Although the Group's intellectual property generally is protected under copyright pursuant to the Berne Convention for the Protection of Literary and Artistic Works, such protection only extends to the original literal expression of the Group's source code and not the concepts or ideas expressed by it. Further, the Group's intellectual property does not constitute patentable subject matter and is, as a result thereof, not patentable. Hence, other than protection through trademark registration and domain name registration, the Group's intellectual property enjoys limited intellectual property right protection, which may restrict the Group's possibilities to defend infringements of intellectual property resulting in a material adverse effect on the Group's business, financial condition and results of operations.

The Group also faces the risk that the use and exploitation of its intellectual property rights, including, in particular, rights relating to its software, may infringe the intellectual property rights of a third party. 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 Group may result in royalties or damages being payable and/or the Group being required to cease using any infringing intellectual property or embodiments of any such intellectual property. Should the Group not be able to effectively protect its intellectual property rights, or should an infringement claim be brought against the Group, it could have a material adverse effect on the Group's business, financial condition and results of operations. The Group is also dependent on know-how and trade secrets, and the Group strives to protect such information by, for example, maintaining

confidentiality agreements with employees, consultants and partners. However it is not possible to ensure total protection against unauthorised distribution of information and competitors and others may gain access to such information, which may lead to the value of such information diminishing or competitors gaining an advantage, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group uses open source software in its games that may subject the Group's software code to general release or require the Group to re-engineer such code, which may cause harm to the business.**

The Group uses open source software in its game development. Some open source software licences require developers who distribute open source software as part of their software to publicly disclose all or part of the source code to such software or make available any derivative works of the open source code on unfavourable terms or at no cost. The terms of various open source licences have not been interpreted by courts, and there is a risk that such licences could be construed in a manner that imposes unanticipated conditions or restrictions on the Group's ability to market the games. While the Group monitors its use of open source software and tries to ensure that none is used in a manner that would require the Group to disclose its source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur and the Group may be required to release its proprietary source code, pay damages for breach of contract, re-engineer its games, discontinue distribution in the event reengineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from the Group's game development efforts, any of which could harm the Group's reputation, result in player losses, increase the costs or otherwise adversely affect the business and operating results.

**The Group and its customers are vulnerable to hacking, viruses, malicious acts and other cybercrime**

Online gaming business is subject to the risk of being adversely affected by activities such as system intrusions, virus spreading and other forms of cybercrime. Such activities can disrupt internet sites, cause system failures, business disruptions and may damage the computer equipment of the Group, its customers or end users. The impact of any such activities, or the Company's inability to successfully protect the Group from such attacks, could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group is subject to laws and regulations in several different jurisdictions and changes to, or failure to comply with, applicable laws and regulations may negatively affect the Group's business**

While the Group's business currently does not require any specific licences and certifications, other than the trade licence in respect of its business operations in the United Arab Emirates, applicable laws are constantly reviewed and changed by the regulators in the applicable countries. It cannot be ruled out that the Group may become further subject to such laws, directly or indirectly, or that its UAE trade licence is withdrawn, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Although the Group takes reasonable actions to prevent minors from playing the Group's online games it cannot be ruled out that some of the consumers playing the games offered by the Group are minors which entail certain risks, including negative publicity or litigation which could adversely impact the Group's reputation.

The Group is inter alia subject to data protection and privacy laws (including but not limited to the General Data Protection Regulation (679/2016) ("GDPR")). Compliance with all such laws and regulations is complex and expensive. The Group's non-compliance or deemed non-compliance with any of these other laws and regulatory requirements may give rise to adverse publicity and damage the Group's reputation and lead to loss of purchasers, customers and revenue. It may also result in fines, claims in damages from individuals and injunctions from supervisory authorities to effect rectification. Any failure by the Group to comply with these other laws and regulatory requirements may therefore have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group is further subject to requirements of cultural vetting of games it distributes in certain jurisdictions. The Group's non-compliance or deemed non-compliance with any of these vetting laws could result in non-marketability, which could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.



**Political and legal risks**

The Group currently owns businesses, and may in future acquire further businesses, in certain jurisdictions which may be subject to political and legal risks. Accordingly, the operations and earnings of the Group throughout the world may be affected from time to time in varying degree by political and legal factors including: (1) political instability or lack of well-established and reliable legal systems in areas where the Group operates or may operate in the future; (2) other political developments and laws and regulations, such as unilateral cancellation or modification of contract terms, and regulation of certain markets; (3) restrictions on imports and exports; (4) price controls; (5) tax or royalty increases, including retroactive claims; (6) war or other international conflicts; and (7) civil unrest. The Group's failure to manage these risks successfully could harm its international operations, reduce its sales and/or increase its costs, and consequently have a materially adverse effect on the Group's financial condition and results as well as its ability to meet its payment obligations under the Bonds.

**Global economic outlook and impact of global economy on gaming industry**

The Group operates in the online gaming market and is influenced by general economic and consumer trends beyond the Group's control. The business and the financial performance of the Group may be adversely affected by general economic and consumer trends, and the impact that such trends have on online gaming industry and the psychology of end users. The revenue of the Group is driven in large part by its end users' disposable incomes and level of gaming activity. Any negative developments concerning the global economic outlook, macroeconomic factors, consumer trends and the impact of such trends on the gaming industry could reduce the ability and willingness to spend money on the Group's products and therefore could have a material adverse effect on the Group's business, financial condition and result of operations.

**The Group's business is dependent on the security, integrity and operational performance of the systems, products and services that it offers**

The Group's ability to provide its software depends upon the integrity, reliability and operational performance of its systems. The functioning of the IT systems within the Group's businesses, or that of its suppliers, contractors or partners, could be disrupted for reasons beyond its control, including accidental damage, disruptions to the supply of utilities or services, extreme weather events, safety issues, system failures, workforce actions or environmental contaminations. Furthermore, there may be technological challenges in rolling out new products and services. Any such disruption or event may lead to customer claims against the Group or otherwise negatively impact the Group's ability to sell products and services to its customers, and as a result could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group's failure to successfully maintain and enhance its brands could have a material and adverse effect on the Group's business, financial condition and results of operations**

The Group's success is dependent in part on the strength of the brands of the products offered. The Group believes that it is well on its way to establishing trusted and recognised brands and a reputation in the online gaming market, and that the Group's brands represent competitive advantages in the development of new and existing customer relationships. The future success of the Group will depend on the Group's ability to maintain and enhance the strength of the brands. If the Group is unable to maintain or enhance the strength of the Group's brands, then the Group's ability to retain or expand its customer base may be impaired, and it could have a material adverse effect on the Group's business, financial condition and results of operations.

**Disputes and the risk of litigation**

The Group is exposed to the risk of litigation, disputes and claims resulting from the agreements entered into as well as its business operations in general. Except as set forth in these risk factors, the Group is not currently aware of any disputes with its customers, suppliers or any other parties that are actual, pending or threatened. The Group's view is that it has fulfilled its obligations but there can be no assurance that counterparties have another view. The Group has recently acquired businesses, and may in future acquire further businesses, in certain jurisdictions which have a tradition of litigious behaviour, which may increase the risk of litigation, disputes and claims. In the future, the Group may become involved in commercial disputes as well as legal and arbitration disputes, with public authorities or private parties, which involve substantial claims for damages or other sanctions. Such disputes could be time consuming and, in the event of a negative outcome of any material proceeding, whether based on a judgment or a settled agreement, the Group could be obligated to make substantial payments or accept other sanctions. In addition, the costs

related to litigation and arbitration proceedings may be significant. Any of these events could have a material adverse effect on the Group's business, financial condition and results of operations.

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

The Group primarily operates its business through subsidiaries that are active in the geographic markets in which it operates and have customers on a global scale. The business, including intra-group transactions, is conducted in accordance with the Group's interpretation of applicable laws, tax treaties and other regulations concerning taxes and the practice of tax authorities in the relevant countries. The Company has obtained advice from independent tax advisors to a certain extent in this respect, but there is a risk that tax authorities in relevant countries may issue decisions that deviate from the Group's interpretation and advice from independent tax advisors. In addition, the Group's interpretation of applicable laws, tax treaties, regulations and administrative practice may be incorrect and such rules may change, possibly with retroactive effect. Regulatory or legislative changes, or decisions by tax authorities, may impair the present, future or previous tax position of the Group, which could have a material adverse effect on the Group's business, financial condition and results of operations.

**Currency fluctuation risks**

Currency fluctuations may impact the Group's financial performance. The Group's accounts are maintained in SEK and the Group's outstanding securities are traded in SEK. The costs and revenues of the Group are mainly in EUR and USD. The exchange rates between SEK and the local currencies (including EUR and USD) have fluctuated significantly and may continue in the future to fluctuate significantly. The Group does not hedge its exposure to currency fluctuations, and as a consequence fluctuations in exchange rates and currencies could have a significant effect on the cash flows of the Group, which could impact the Group's financial results in ways unrelated to its operations and/or have a material adverse effect on the Group's business, financial condition and results of operations.

**Credit risk**

Credit risk refers to the risk that the Group's counterparties, including subsidiaries which have been granted intra-group loans, fail to fulfill their financial obligations to the Group. The financial position of the Group's counterparties may deteriorate to such extent that they become unable to perform their financial obligations. The counterparties' ability to repay may in turn depend on their counterparties' financial position. If any counterparty is unable to fulfil its obligation toward the Company or any of its subsidiaries, this could have a material adverse effect on the Group's business, financial condition and results of operations.

**Any financial objectives included in this Prospectus may differ materially from the Group's actual results and investors should not place undue reliance on them**

Any objectives set forth in this Prospectus are the Group's expectations for the medium to long term. Any such objectives included in this Prospectus are based upon a number of assumptions, which are inherently subject to significant business, operational, economic and other risks, many of which are outside of the Group's control. Accordingly, such assumptions may change or may not materialise at all. In addition, unanticipated events may adversely affect the actual results that the Group achieves in future periods whether or not its assumptions otherwise prove to be correct. As a result, the Group's actual results may vary materially from these objectives and investors should not place undue reliance on them.

**Application or changes of accounting principles may have the effect that the Group's financials do not accurately reflect the financial position of the Group**

The Group's accounting, financial reporting and internal control is affected by current applicable accounting principles. There is a risk that future changes in accounting principles or the application thereof may have the effect that the Group's financials do not accurately reflect the financial position of the Group. This may have a material adverse effect on the Group's business, financial condition and results of operations.

**Breach of agreements**

If the Group is unable to fulfill its contractual obligations, this may result in a termination of contracts or other penalties under the contracts. The termination of a number of the Group's major supply and/or corporate customer agreements may have a material adverse effect on the Group's business, financial condition and results of operations.

**Valuation of goodwill**

Goodwill represents a substantial part of the assets in the Group's balance sheet. Goodwill is recognized as an intangible asset and is subject to an impairment review, at least annually or upon the occurrence of or events that indicates an impairment of the asset in question. Devaluation of goodwill and other intangible assets may have a material adverse effect on the Group's business, financial condition and results of operations.

**Insufficient insurance coverage**

The Group maintains customary insurance, but such insurance may not cover all risks associated with the risks of the Group's business and is subject to limitations, including deductibles and maximum liabilities covered. The Group may incur losses beyond the limits, or outside the coverage, of its insurance policies. Furthermore, a failure to inadvertently comply with policies' requirements may lead to claims not being covered. There can be no assurance that any insurance would be available on a timely basis or adequate to completely reimburse the Group's losses that it might sustain. In the future, the Group may not be able to obtain coverage at current levels, if at all, and its premiums may increase significantly on the coverage that it maintains. Any insurance claims present a risk of protracted litigation, substantial money damages, reputational damages, attorneys' fees, costs and expenses and diversion of management's attention from the operation of the Group's business, any of which could have a material adverse effect on the Group's business, financial condition and results of operation.

**Dependence on a few key distributors**

The Group's sales are to a large extent conducted by a few key distributors, particularly in the growing mobile application sector where the Group is particularly dependent on Google Play or Apple App Store to distribute its games. The distributors' supply of the digital distribution channels is indispensable for the Group's generation of revenues from its mobile application. If for any reason, any of the key distributors would shut down its platform or restrict the Group's access to or the terms of use of its platform, this would result in short-term loss of revenue, and in case of an extended interruption or restriction, it could have a material adverse effect on the Group's business, financial position and results of operations. It should be noted that it is not uncommon that the standard terms and conditions from key distributors include relatively short notice termination provisions and accordingly key contracts may be terminated at short notice. Furthermore, the Group is dependent on the correctness of the financial information provided by the distributors and has to rely on the distribution records to assess the revenues reflecting a player's actual purchases.

**Delays in game development projects and launches of games**

Delays in planned and ongoing game development projects may have an adverse effect on cash flows, revenues and operating margins. Delays may occur in connection with both internal projects and projects where an external partner handles the development. The completion of a game development project may also require more resources than originally expected and in those cases, mainly in regards to internal projects, the Group will normally bear the cost, which may have a material adverse effect on the Group's business, financial condition and results of operation.

**Risks related to the Bonds**

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**Investors are exposed to a credit risk in respect of the Issuer**

An investment in the Bonds carries a credit towards the Issuer and the Group. The investor's ability to receive payment under the Terms and Conditions is therefore dependent on the Issuer's and the Group's ability to meet its payment obligations which in turn is largely dependent upon the performance of the Issuer's and the Group's operations and their financial position. The Issuer's and the Group's financial positions is affected by several factors of which some have been mentioned above. An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively.

**There is no rating for the Issuer or the Bonds**

Neither the Issuer nor the Bonds have a credit rating from an international credit rating institute. Even though a credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time, it indicates the credit agency's assessment of the Issuer's creditworthiness. As a result investors need to make their own assessment on the Issuer's ability to fulfil

their obligations of payments under the Terms and Conditions of the Bonds. Some investors, e.g. financial institutions, may also be restricted from investing in bonds without a credit rating which may have a negative impact on the liquidity of the Bonds.

#### **Dependency on subsidiaries**

The Issuer holds no significant assets other than the shares in its subsidiaries. The Issuer is reliant on receipt of dividends, other distributions, revenues, cash pooling arrangements and interest on intra-group loans from its direct and indirect subsidiaries sufficient to fulfil its payment obligations under the Terms and Conditions. A decrease in the value generated in the business of the subsidiaries and/or revenues therefrom may have an adverse impact on the Issuer's ability to make payments under the Bonds.

#### **Unsecured obligations**

The Bonds represent unsecured obligations of the Issuer. This means that in the event of the liquidation, bankruptcy, reorganisation or winding-up of the Issuer, the bondholders normally receive payment after any priority creditors have been paid in full. Each investor should be aware that by investing in the Bonds, it risks losing the entire, or parts of, its investment in the event of the Issuer's liquidation, bankruptcy or company reorganisation.

#### **Structural subordination**

The Bonds will constitute structurally subordinated liabilities of the Issuer's subsidiaries, meaning that creditors of claims against a subsidiary will be entitled to payment out of the assets of such subsidiary before the Issuer. The subsidiaries are legally separate entities and distinct from the Issuer, and have no obligation to settle or fulfill the Issuer's obligations. In the event of the insolvency of a subsidiary, there is a risk that the Issuer and its assets are affected by actions of the creditors of a subsidiary. The insolvency of any subsidiaries may affect the financial position of the Issuer negatively, and have material adverse effect on the Issuer's ability to make payments under the Bonds.

#### **Refinancing risks**

The ability of the Issuer to obtain refinancing is dependent on its financial position and the conditions on the capital markets. In the event the Issuer is unable to refinance the Bonds or other outstanding debt, or if such refinancing can only be obtained on unfavourable terms, this may have a significant negative effect on the Issuer's ability to repay the principal of the Bonds at maturity.

#### **Interest rate risks**

The Bonds will bear interest determined on the basis of a floating rate, whereby the interest paid under the Bonds is subject to changes to the market interest rates, and in particular STIBOR. There is a risk that the market value of the Bonds and an investment in the Bonds are adversely affected by changes to the market interest rates.

#### **Active trading market for the Bonds may not develop**

Prior to the listing of the Bonds on NASDAQ Stockholm, there is no public market for the Bonds. Even if the securities are admitted to trading on a regulated market, active trading in the Bonds may not occur. The Issuer is under an obligation to maintain a liquid market for the Bonds. The liquidity and the market price for the Bonds can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer as well as many other factors that generally influence the market prices of securities. Such fluctuations may significantly affect the liquidity and the market price of the Bonds. This may result in that the bondholders are unable to sell their Bonds when desired or at a price which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

#### **Risks related to early redemption and put options**

Under the Terms and Conditions, and as described in the term sheet in relation to the Bonds, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the bondholders have the right to receive an early redemption amount that exceeds the nominal amount. However, there is a risk that the market value of the Bonds is higher than the early redemption amount. Hence, it may not be possible for bondholders to reinvest such

proceeds at an effective interest rate as high as the interest rate on the Bonds. Furthermore, the Bonds are subject to prepayment at the option of each bondholder (put options) upon a Change of Control, De-listing Event or a Listing Failure. There is however a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of Bonds.

#### **Exchange rate risks and exchange controls**

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 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 (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

#### **No action against the Issuer and bondholders' representative**

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

The Agent will in some cases have the right to make decisions and take measures that are binding on all bondholders. Consequently, the actions of the Agent in such matters could impact a bondholder's rights in a manner that would be undesirable for some of the bondholders.

In addition to the provisions of the agreement relating to the bond agent, there is no specific legislation or established market practice in Sweden which governs the bond agent's role, appointment and performance of its duties and obligations under the Bonds. A failure by an agent to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the bondholders.

#### **The Bonds carry no voting rights at the Issuer's General Meetings of Shareholders**

The Bonds carry no voting rights with respect to the General Meetings of Shareholders of the Issuer. Consequently, in the Issuer's General Meetings of Shareholders the holders of Bonds are unable to influence any decisions by the Issuer to redeem the Bonds or any decisions by the Issuer's shareholders in relation to, for instance, the capital structure of the Issuer, which could impact the Issuer's ability to make payments on the Bonds.

#### **Right to payments that have not been claimed within certain periods are time-barred**

In case any payment of any nominal amount under the Bonds has (i) not been claimed within ten years from the original due date thereof or (ii) any payment of interest under the Bonds has not been claimed within three years from the original due date thereof, the right to such payment shall become void. Such limitation may incur financial losses to such bondholders who have not claimed payment under the Bonds within the relevant period of limitation.

#### **Risks relating to the clearing and settlement In Euroclear's book-entry system**

The Bonds will be affiliated to Euroclear Sweden's account-based system, and no physical notes will be issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear's account-based system. Any malfunction or delay in the book-entry securities system or any failure by any relevant party may result in the transaction involving the Bonds not

taking place as expected or being delayed, which may cause financial losses or damage to the bondholders whose rights depended on the timely and successful completion of the transaction.

Neither the Issuer, the Group nor any other third party will assume any liability for the timely and full functionality of the book-entry securities system. Payments under the Bonds will be made in accordance with the laws governing the book-entry securities system, the rules of Euroclear Sweden and the Terms and Conditions. For the purposes of payments under the Bonds, it is the responsibility of each investor to maintain with its respective book-entry account operator up to date information on applicable bank accounts.

#### **Changes in legislation**

The Terms and Conditions are based on Swedish law applicable at the date hereof. There is a risk that future amendments of legislation or new legislation or administrative practice, including amendments or introduction of European Union legislation, could adversely affect the Issuer's operations, results and financial position. This may in turn adversely affect the Issuer's ability to make payments under the Bonds.

#### **Possible material interests**

The Joint Bookrunners have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer in the ordinary course of business. Accordingly, there is a risk that conflicts of interest may exist or may arise as a result of the Joint Bookrunners having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests. Any such conflict may have a material adverse effect on the price of the Bonds.

#### **Benchmark Regulation**

The process for determining STIBOR and other interest-rate benchmarks are subject to a number of legislative acts and other regulations. Some of these acts and regulations have already been implemented whilst some are set to be implemented in the near future. The most extensive initiative in this respect is the Benchmark Regulation (Regulation (EU) 2016/1011 of the European parliament and of the council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014). The Benchmark Regulation came into force on the 1 January 2018. The Benchmark Regulation addresses the provision of benchmarks, the contribution of input data to benchmarks and the use of benchmarks within the European Union. The effect of the Benchmark Regulation cannot yet be fully determined due, among other things, to the limited time period that the regulation has applied. However, there is a risk that the Benchmark Regulation will affect how certain benchmarks are determined and how they develop in the future. This could, for example, lead to increased volatility regarding some benchmarks. A further potential risk is that increased administrative requirements, and resulting regulatory risk, may discourage stakeholders from participating in the production of benchmarks, or that some benchmarks cease to be provided. If this would happen in respect of benchmark that is used for the Bonds, it would potentially have negative effects for the bondholders.

# Statement of Responsibility

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 7 November 2018, and the Bonds were subsequently issued by the Issuer on 22 November 2018. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of NASDAQ Stockholm, in accordance with the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

The Issuer is the source of, and is responsible for, the information given in this Prospectus. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the actual conditions and contains no omissions likely to affect its import. Any information in this Prospectus and in the documents incorporated by reference has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information set out therein misleading or incorrect.

The board of directors is responsible for the information given in this Prospectus only under the conditions and to the extent set forth in Swedish law. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. Statements in this Prospectus about current and future market conditions and prospects for the Issuer have been made on a best judgement basis.

Stockholm, 9 January 2019

**Stillfront Group AB (publ)**

*The Board of Directors*

# Overview of the Bonds

The following overview of the Bonds contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Bonds, including certain definitions of terms used in this overview, see “Terms and Conditions of the Bonds”.

## General

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<b>Issuer</b> .....	Stillfront Group AB (publ).
<b>The Bonds</b> .....	Up to SEK 1,000,000,000 in aggregate principal amount of senior floating rate bonds due 2022. As of the date of this Prospectus, SEK 600,000,000 of the Bonds has been issued.
<b>Issue Date</b> .....	22 November 2018.
<b>Issue Price of Initial Bonds</b> .....	100 per cent.
<b>Interest Rate</b> .....	Interest on the Bonds is paid at a rate equal to the sum of (i) 3-months STIBOR plus (ii) 5.00 per cent. <i>per annum</i> .  As at the date of this Prospectus, the administrator of STIBOR is not included in ESMA’s register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.
<b>Interest Payment Dates</b> .....	Quarterly in arrears on 22 February, 22 May, 22 August and 22 November in each year, commencing on 22 February 2019. Interest will accrue from the Issue Date.
<b>Final Redemption Date</b> .....	22 November 2022.
<b>Nominal Amount</b> .....	The Bonds have a nominal amount of SEK 1,250,000 and the minimum permissible investment upon issuance of the Bonds is SEK 1,250,000.
<b>Use of Proceeds</b> .....	The Issuer have used the proceeds of the Bonds for (i) refinancing existing debt, (ii) the general corporate purposes of the Group (including but not limited to acquisitions and earn-out payments) and (iii) financing transaction costs.
<b>Status of the Bonds</b> .....	The Bonds constitute direct, general, unconditional, unsecured and unsubordinated obligations of the Issuer and: <ul style="list-style-type: none"><li>• rank at least <i>pari passu</i> with all other direct, general, unconditional and unsubordinated obligations of the Issuer, except obligations which are preferred by mandatory law and except as otherwise provided in the Finance Documents;</li><li>• rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Bonds; and</li><li>• are effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness.</li></ul>



## Call Option

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**Call Option**..... The Issuer has the right to redeem outstanding Bonds in full at any time at the applicable Call Option Amount in accordance with Clause 12.3 (*Early Voluntary Redemption by the Issuer (Call Option)*) of the Conditions.

**Call Option Amount** ..... Call Option Amount means:

- 102.50 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the Bonds to be redeemed) if the Call Option is exercised from (and including) the First Call Date to (but excluding) the date falling thirty (30) months after the Issue Date;
- 101.75 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the Bonds to be redeemed) if the Call Option is exercised from (and including) the date falling thirty (30) months after the Issue Date to (but excluding) the date falling thirty-six (36) months after the Issue Date;
- 101.00 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the Bonds to be redeemed) if the Call Option is exercised from (and including) the date falling thirty-six (36) months after the Issue Date to (but excluding) the date falling forty-two (42) months after the Issue Date; or
- 100.50 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the Bonds to be redeemed) if the Call Option is exercised from (and including) the date falling forty-two (42) months after the Issue Date to (but excluding) the Final Redemption Date,

provided that if the redemption is financed with a new Market Loan, the Issuer may redeem the Bonds from, and including, the date falling forty-two (42) months after the First Issue Date to, but not including, the Maturity Date at a price equal to 100.00 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the Bonds to be redeemed).

**First Call Date** ..... First Call Date means the date falling twenty-four (24) months after the Issue Date.

## Put Option

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**Put Option** ..... Upon a Change of Control Event, a De-listing Event or a Listing Failure occurring, each Holder shall have the right to request that all, but not only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to one hundred and one (101) per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of fifteen (15) calendar days following receipt of a notice from the Issuer of the relevant event.

**Change of Control Event** ..... A Change of Control Event means the occurrence of an event or series of events whereby one or more Persons acting together, acquire control over the Issuer and where “**control**” means (i) acquiring or controlling, directly or indirectly, more than fifty (50) per cent. of the

voting rights or share capital of the Issuer, or (ii) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

**De-listing Event**..... A De-listing Event means the occurrence of an event whereby (i) the shares in the Issuer cease to be listed and admitted to trading on NASDAQ First North (or any other MTF or Regulated Market), or (ii) trading in the shares in the Issuer on the relevant market is suspended for a period of fifteen (15) consecutive Business Days or more.

**Listing Failure** ..... A Listing Failure means a situation where the Initial Bonds have not been listed and admitted to trading on the corporate bond list of NASDAQ Stockholm (or any other Regulated Market) within sixty (60) calendar days after the Issue Date.

## Covenants

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

- restrictions on making distributions;
- the Issuer shall list the Initial Bonds within six (6) months of the Issue Date;
- restrictions on making any material changes to the general nature or scope of their business;
- restrictions on mergers and de-mergers;
- restrictions on the incurrence of Financial Indebtedness (as defined in the Conditions);
- a negative pledge, restricting the granting of security on Financial Indebtedness;
- restrictions on the disposal of assets; and
- restrictions relating to discontinuation and infringement of intellectual property.

Each of these covenants is subject to significant exceptions and qualifications. See “*Terms and Conditions of the Bonds*”.

## Miscellaneous

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**Transfer Restrictions**..... The Bonds and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Bonds are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from the registration requirements of the U.S. Securities Act.

**Listing** ..... Application for listing of the Bonds on the Corporate Bond List of NASDAQ Stockholm will be filed in immediate connection with the SFSA’s approval of this Prospectus. As of the date of this Prospectus, the number of Bonds for which admission to trading is being sought is 480 (each with a nominal value of SEK 1,250,000), which may be increased to 800 in accordance with the terms of the Bonds.

**Agent**..... Intertrust (Sweden) AB.

The rights and obligations of the Agent are set forth in the Terms and Conditions which are available at the Issuer's web page, [www.stillfront.com](http://www.stillfront.com).

**Governing Law of the Bonds...** Swedish law.

**Risk Factors.....** Investing in the Bonds involves substantial risks and prospective investors should refer to "*Risk Factors*" for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.

# Terms & Conditions of the Bonds

*The following is the text of the terms and conditions which are applicable to the Bonds*

## 1. Definitions and Construction

### 1.1 Definitions

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

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

“**Accounting Principles**” means IFRS.

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

“**Advance Purchase Agreement**” means (i) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than ninety (90) calendar days after the date of supply, or (ii) any other trade credit incurred in the ordinary course of trade of the relevant Group Company. For the avoidance of doubt, an Earn-Out Agreement shall not constitute an Advance Purchase Agreement.

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

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

“**Agent**” means the Holders’ agent under these Terms and Conditions and, if relevant, the other Finance Documents, from time to time; initially Intertrust (Sweden) AB (reg. no. 556625-5476) with registered address P.O. Box 162 85, 103 25 Stockholm, Sweden.

“**Book-Entry Securities System**” means the VPC system being part of the book-entry register maintained by the CSD or any other replacing book-entry securities system.

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

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

“**Calculation Principles**” means for the purpose of the Incurrence Test that:

- (a) the Leverage Ratio shall be calculated as per a testing date determined by the Issuer, falling no earlier than in the period one (1) month prior to the event in respect of which the Incurrence Test shall be made;

- (b) the Net Interest Bearing Debt shall be measured on the relevant testing date, however so (a) that the amount of the Restricted Payment or new Financial Indebtedness in respect of which the Incurrence Test shall be made (after deducting any Financial Indebtedness which shall be refinanced at the time of incurrence of such new Financial Indebtedness) shall be added to the Net Interest Bearing Debt (provided that, in the case of Financial Indebtedness, such Financial Indebtedness is an interest bearing obligation), and (b) that any cash balance/proceeds resulting from the incurrence of any such new Financial Indebtedness shall not reduce the Net Interest Bearing Debt;
- (c) the calculation of the Interest Coverage Ratio shall be made for the Relevant Period ending on the last day of the period covered by the most recent Financial Report; and
- (d) the figures for EBITDA, Finance Charges and Net Finance Charges for the Relevant Period ending on the last day of the period covered by the most recent Financial Report (including the new Financial Indebtedness on a *pro forma* basis) shall be used for the Incurrence Test, but adjusted so that:
  - (i) entities acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Relevant Period;
  - (ii) any entity to be acquired with the proceeds from the new Financial Indebtedness shall be included, *pro forma*, for the entire Relevant Period;
  - (iii) the earnings before interest, tax, depreciation, amortisation and impairment charges (calculated on the same basis as EBITDA, *mutatis mutandis*) of entities acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Relevant Period;
  - (iv) any Finance Charges in relation to any Bond that has been repurchased, and not resold, by any Group Company during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be excluded, *pro forma*, for the entire Relevant Period; and
  - (v) any Finance Charges in relation to new Financial Indebtedness incurred in relation to an entity acquired during the Relevant Period shall be included, *pro forma*, for the entire Relevant Period.

**“Call Option”** means the Issuer’s right to redeem outstanding Bonds in full in accordance with Clause 12.3 (*Early Voluntary Redemption by the Issuer (Call Option)*).

**“Call Option Price”** means:

- (a) 102.50 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the Bonds to be redeemed) if the Call Option is exercised from (and including) the First Call Date to (but excluding) the date falling thirty (30) months after the Issue Date;
- (b) 101.75 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the Bonds to be redeemed) if the Call Option is exercised from (and including) the date falling thirty (30) months after the Issue Date to (but excluding) the date falling thirty-six (36) months after the Issue Date;
- (c) 101.00 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the Bonds to be redeemed) if the Call Option is exercised from (and including) the date falling thirty-six (36) months after the Issue Date to (but excluding) the date falling forty-two (42) months after the Issue Date; or
- (d) 100.50 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the Bonds to be redeemed) if the Call Option is exercised from (and including)

the date falling forty-two (42) months after the Issue Date to (but excluding) the Final Redemption Date.

**“Change of Control Event”** means the occurrence of an event or series of events whereby one or more Persons acting together, acquire control over the Issuer, where **“control”** means (i) acquiring or controlling, directly or indirectly, more than fifty (50) per cent. of the voting rights or share capital of the Issuer, or (ii) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

**“Compliance Certificate”** means a certificate, substantially in the form set out in Schedule 1 (*Form of Compliance Certificate*) to these Terms and Conditions, signed by the CEO, CFO or any other authorised signatory of the Issuer, certifying (i) satisfaction of the Incurrence Test (if relevant) and (ii) that so far as it is aware no Event of Default is continuing or, if it is aware that an Event of Default is continuing, specifying the event and steps, if any, being taken to remedy it and include the identity of each Material Group Company (only to the extent required by these Terms and Conditions). If the Compliance Certificate is provided in connection with an Incurrence Test, the certificate shall include calculations and figures in respect of the Incurrence Test.

**“Conditions Precedent for Disbursement”** means all actions and documents set forth in Clause 6 (*Conditions Precedent for Disbursement*).

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

**“CSD Business Day”** means a day on which the Book-Entry Securities System is open in accordance with the regulations of the CSD.

**“De-listing Event”** means the occurrence of an event whereby (i) the shares in the Issuer cease to be listed and admitted to trading on NASDAQ First North (or any other MTF or Regulated Market) or (ii) trading in the shares in the Issuer on the relevant market is suspended for a period of fifteen (15) consecutive Business Days or more.

**“Derivative Transaction”** has the meaning set forth in item (g) of the definition **“Permitted Debt”** below.

**“Earn-Out Agreement”** means any earn-out agreement or similar arrangement entered into by a Group Company in relation to an acquisition made by the Group.

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

- (a) **before deducting** any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) **before deducting** any Net Finance Charges;
- (c) **not including** any accrued interest owing to any Group Company;
- (d) **after adding back** any amount attributable to the amortisation, depreciation or impairment of assets of Group Companies;
- (e) **before taking into account** any Exceptional Items;
- (f) **before deducting** any Transaction Costs;
- (g) **after deducting** the amount of any profit (or **adding back** the amount of any loss) of any Group Company which is attributable to minority interests;
- (h) **plus or minus** the Group’s share of the profits or losses (after finance costs and tax) of entities which are not part of the Group; and

- (i) **before taking into account** any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (j) **after adding back or deducting**, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading);
- (k) **before taking into account** any gain or loss arising from an upward or downward revaluation of any other asset;
- (l) **before taking into account** any gains from debt buy-backs; and
- (m) **not including** any revaluation of amounts payable under any Earn-Out Agreement.

**“Escrow Account”** means the Issuer’s bank account held with the Escrow Bank into which the Net Proceeds will be transferred and which has been pledged in favour of the Agent and the Holders (represented by the Agent) under the Escrow Account Pledge Agreement. The Escrow Account shall be blocked so that no withdrawals can be made therefrom without the Agent’s prior written consent.

**“Escrow Account Pledge Agreement”** means the pledge agreement entered into between the Issuer and the Agent on or before the Issue Date in respect of a first priority pledge over the Escrow Account and all funds standing to the credit of the Escrow Account from time to time, granted in favour of the Agent and the Holders (represented by the Agent).

**“Escrow Bank”** means Skandinaviska Enskilda Banken AB (publ).

**“Event of Default”** means an event or circumstance specified in Clause 14.1.

**“Exceptional Items”** means any exceptional, one-off, non-recurring or extraordinary items to the extent these are one off and non-recurring in nature.

**“Existing Debt”** means the SEK 500,000,000 senior secured callable Floating Rate Bonds 2017/2020 of the Issuer with ISIN SE0009973050.

**“Final Redemption Date”** means 22 November 2022.

**“Finance Charges”** means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness paid or payable by any Group Company according to the latest Financial Report(s) (calculated on a consolidated basis) in cash or capitalised in respect of that Relevant Period:

- (a) **excluding** any Transaction Costs;
- (b) **including** the interest (but not the capital) element of payments in respect of finance leases; and
- (c) **including** any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) any Group Company under any interest rate hedging arrangement.

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

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

- (a) monies borrowed or raised, including debit balances and Market Loans;
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the Accounting Principles as applicable on the Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability), and for the avoidance of doubt, any

leases treated as operating leases under the Accounting Principles as applicable on the Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as finance or capital leases (the “**Operational Lease Freeze**”);

- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (d) any amount raised under any other transaction having the commercial effect of a borrowing (including forward sale or purchase arrangements);
- (e) any Derivative Transaction (and, when calculating the value of any Derivative Transaction, only the mark to market value shall be taken into account);
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (g) (for the purpose of measuring the Incurrence Test only) any amount finally determined but unpaid under any Earn-Out Agreement; and
- (h) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(g).

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

“**Financial Report**” means each of the annual audited consolidated financial statements of the Group and the quarterly interim unaudited consolidated reports of the Group, which shall be prepared and made available according to Clause 13.10.

“**First Call Date**” means the date falling twenty-four (24) months after the Issue Date or, to the extent such day is not a CSD Business Day, the first following day that is a CSD Business Day.

“**Force Majeure Event**” has the meaning set forth in Clause 26.1.

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

“**Holder**” means each Person registered as an owner (Sw. *ägare*) or nominee holder (Sw. *förvaltare*) of a Bond.

“**Holders’ Meeting**” means a meeting among the Holders held in accordance with Clause 17 (*Holders’ Meetings*).

“**IFRS**” means the International Financial Reporting Standards (IFRS) and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof) in force from time to time.

“**Incurrence Test**” means the test which is met if:

- (a) the Leverage Ratio is less than 2.50:1;
- (b) the Interest Coverage Ratio exceeds 2.75:1; and
- (c) no Event of Default is continuing or would occur upon the incurrence.

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

“**Initial Bond Issue**” means the issuance of the Initial Bonds on the Issue Date.



**“Intellectual Property”** means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each Group Company (which may now or in the future subsist).

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

**“Interest Coverage Ratio”** means the ratio of EBITDA to Net Finance Charges, calculated in accordance with the Calculation Principles (as applicable).

**“Interest Payment Date”** 22 February, 22 May, 22 August and 22 November in each year (with the first Interest Payment Date on 22 February 2019 and the last Interest Payment Date being the Final Redemption Date), or to the extent such day is not a CSD Business Day, the first following day that is a CSD Business Day, unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a CSD Business Day.

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

**“Interest Rate”** means a floating rate of 3-months STIBOR plus 5.00 per cent. per annum (the **“Margin”**), *provided that*, if the Interest Rate is below zero (0), it shall be deemed to be zero (0).

**“Issuer”** means Stillfront Group AB (publ) (reg. no. 556721-3078), a public limited liability company incorporated in Sweden with registered address Sveavägen 9, 111 57 Stockholm, Sweden.

**“Issue Date”** means 22 November 2018.

**“Issuing Agent”** means Carnegie Investment Bank AB (publ) (reg. no. 516406-0138) or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**“Leverage Ratio”** means the ratio of Net Interest Bearing Debt to EBITDA, calculated in accordance with the Calculation Principles (as applicable).

**“Listing Failure”** means a situation where the Bonds have not been listed on the corporate bond list of NASDAQ Stockholm (or any other Regulated Market) within sixty (60) calendar days after the Issue Date.

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

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

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

**“Material Group Company”** means each of:

- (a) the Issuer;
- (b) MidCo; and
- (c) any Subsidiary of the Issuer which on a consolidated basis:
  - (i) has earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) representing five (5) per cent. or more of EBITDA; or
  - (ii) has assets (excluding intra-group items) with a book value representing five (5) per cent. or more of Total Assets,

in each case as determined by reference to the latest annual audited consolidated Financial Report of the Group and as confirmed by the Issuer in the Compliance Certificate provided in relation to such Financial Report.

**“MidCo”** means Stillfront Midco AB (reg. no. 559110-4053), a limited liability company incorporated under the laws of Sweden with registered address Sveavägen 9, 111 57 Stockholm, which is wholly-owned (directly) by the Issuer.

**“MTF”** means any multilateral trading facility (as defined in Directive 2004/39/EC on markets in financial instruments).

**“NASDAQ Stockholm”** means the Regulated Market of NASDAQ Stockholm Aktiebolag (reg. no 556420-8394).

**“Net Finance Charges”** means, for the Relevant Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Relevant Period to any Group Company and any interest income received by any Group Company (in each case other than by or from another Group Company) on cash or cash equivalent investment of the Group.

**“Net Interest Bearing Debt”** means the aggregate interest bearing Financial Indebtedness of the Group (excluding any interest bearing Financial Indebtedness borrowed from any Group Company) less cash and cash equivalents of the Group (including funds held on the Escrow Account) according to the latest Financial Report or per the relevant testing date if measured in relation to the Incurrence Test (as applicable), in accordance with the Accounting Principles, adjusted in accordance with the Operational Lease Freeze.

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

**“Nominal Amount”** has the meaning set forth in Clause 3.1.

**“Operational Lease Freeze”** has the meaning set forth in item (b) of the definition **“Financial Indebtedness”** above.

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

**“Permitted Basket”** has the meaning set forth in item (o) of the definition **“Permitted Debt”** below.

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

- (a) incurred under the Finance Documents (including pursuant to any Subsequent Bond Issue, if such incurrence meets the Incurrence Test (calculated on a *pro forma* basis including such Subsequent Bond Issue));

- (b) up until the release of the Net Proceeds of the Initial Bond Issue from the Escrow Account, in the form of any Existing Debt;
- (c) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD), for the purpose of securing, *inter alia*, the redemption of the Bonds;
- (d) related to any agreements under which a Group Company leases office space (*Sw. kontorshyresavtal*) or other premises provided that such Financial Indebtedness is incurred in the ordinary course of business of such Group Company;
- (e) arising under a loan to another Group Company;
- (f) under any pension and tax liabilities incurred in the ordinary course of business;
- (g) arising under a derivative transaction entered into by a Group Company in connection with protection against or benefit from fluctuation in any rate or price where such exposure arises in the ordinary course of business or in respect of payments to be made under these Terms and Conditions (excluding for the avoidance of doubt any derivative transaction which in itself is entered into for investment or speculative purposes) ("**Derivative Transaction**");
- (h) incurred as a result of any Group Company acquiring another entity and which is due to such acquired entity holding Financial Indebtedness, provided that the Incurrence Test is met (calculated *pro forma* including the acquired entity in question) and if, and only to the extent, such Financial Indebtedness is not permitted under any other exceptions contained in the definition of "**Permitted Debt**", such Financial Indebtedness is unwound within a clean-up period of ninety (90) calendar days from the completion of the relevant acquisition;
- (i) arising under any Earn-Out Agreement;
- (j) incurred in the ordinary course of business under Advance Purchase Agreements;
- (k) incurred by the Issuer in the form of a Market Loan, provided that such Financial Indebtedness:
  - (i) meets the Incurrence Test (calculated *pro forma* including such incurrence);
  - (ii) is unsecured and ranks *pari passu* with or is subordinated to the obligations of the Issuer under the Finance Documents; and
  - (iii) has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date;
- (l) incurred under any Permitted Financing
- (m) incurred under any Permitted Revolving Credit Facility;
- (n) incurred under any Permitted Working Capital Facility; and
- (o) not permitted by items (a) to (n) above, in an aggregate amount not at any time exceeding SEK 10,000,000 and incurred in the ordinary course of the Group's business (all such Financial Indebtedness is together referred to as the "**Permitted Basket**").

"**Permitted Financing**" means any bilateral or syndicated term loan or other similar financing (for the avoidance of doubt, not including any Permitted Revolving Credit Facility, Permitted Working Capital Facility or Market Loan) entered into by a Group Company with one or more reputable Nordic or international banks, financial institutions, trusts, funds or other lenders, provided that

the Incurrence Test is met *pro forma* at the time when the available amount relating to such Permitted Financing is incurred.

“**Permitted Revolving Credit Facility**” means one or more revolving credit facilities (to be applied for the general corporate, working capital, capital expenditure and acquisition purposes of the Group, and including but not limited to any overdraft facilities and/or ancillary facilities) entered into by a Group Company with a reputable Nordic or international bank (for the avoidance of doubt, not including any Permitted Financing) with an aggregate maximum commitment of SEK 500,000,000, which aggregate maximum commitment may be increased from time to time, provided that the Incurrence Test is met *pro forma* at the time of such increase (calculated as if the full commitment available under the relevant Permitted Revolving Credit Facility as increased has been utilised).

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

- (a) provided in accordance with the Finance Documents;
- (b) up until the release of the Net Proceeds of the Initial Note Issue from the Escrow Account, in the form of any Existing Debt;
- (c) provided in connection with a redemption of the Bonds in full and constituting a first priority pledge over a bank account in the name of the Issuer for the purpose of securing, *inter alia*, the redemption of the Bonds;
- (d) provided in relation to any finance lease agreement, entered into by a Group Company in the ordinary course of the Group’s business;
- (e) provided in relation to a Derivative Transaction and not consisting of security interests in shares in any Group Company;
- (f) incurred as a result of any Group Company acquiring another entity and which is due to such acquired entity has provided security, provided that the debt secured with such security constitutes Permitted Debt in accordance with item (h) of the definition of “**Permitted Debt**” and that such security is promptly released in connection with the unwinding of such debt in accordance with item (h) of the definition of “**Permitted Debt**”;
- (g) arising by operation of law and in the ordinary course of trading (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised) and in each case not as a result of any default or omission by any Group Company;
- (h) arising under any netting or set-off arrangements under financial derivatives transactions or bank account arrangements (including but limited to cash-pool arrangements;
- (i) provided in relation to any Permitted Financing as set out in item (l) of the definition of “**Permitted Debt**”;
- (j) provided in relation to any Permitted Revolving Facility as set out in item (m) of the definition of “**Permitted Debt**”;
- (k) provided in relation to any Permitted Working Capital Facility as set out in item (n) of the definition of “**Permitted Debt**”;
- (l) provided in relation to the Permitted Basket and not consisting of security interests in shares of any Group Company or, if provided in relation to finance leasing arrangements, is granted only in the leased asset in question; and
- (m) not otherwise permitted above which secures debt in an amount not exceeding SEK 10,000,000 (or its equivalent in other currencies) at any time.

**“Permitted Working Capital Facility”** means any working capital facility (to be applied for the working capital purposes of the Group and including but not limited to overdraft facilities and/or ancillary facilities) entered into by a Group Company with a reputable Nordic or international bank (for the avoidance of doubt, not including any Permitted Financing) with an aggregate maximum commitment of SEK 200,000,000, which aggregate maximum commitment may be increased from time to time, provided that the Incurrence Test is met *pro forma* at the time of such increase (calculated as if the full commitment available under the relevant Permitted Working Capital Facility as increased has been utilised).

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

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

**“Redemption Date”** means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 12 (*Redemption, repurchase and prepayment of the Bonds*).

**“Regulated Market”** means any regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

**“Relevant Period”** means each period of twelve (12) consecutive calendar months ending on the last day of the period covered by a Financial Report.

**“Restricted Payment”** has the meaning set forth in Clause 13.1.

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

**“SEK”** means the lawful currency of Sweden for the time being.

**“STIBOR”** means:

- (a) the applicable percentage rate per annum displayed on NASDAQ Stockholm’s website for STIBOR fixing (or through another system or website replacing it) as of or around 11:00 a.m. (Stockholm time) on the Quotation Day for the offering of deposits in SEK and for a period comparable to the relevant Interest Period; or
- (b) if no such rate as set out in item (a) is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four decimal places) which results from interpolating on a linear basis between (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period and (ii) the applicable screen rate for the shortest period (for which that screen rate is available) which exceeds that Interest Period, as of or around 11:00 a.m. on the Quotation Date;
- (c) if no such rate as set out in item (a) or (b) is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Issuing Agent at its request quoted by banks reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to item (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in SEK offered for the relevant period.

**“Subsequent Bond”** means any Bond issued in a Subsequent Bond Issue.

“**Subsequent Bond Issue**” has the meaning set forth in Clause 3.3.

“**Subsidiary**” means, in relation to the Issuer, any legal entity (whether incorporated or not), in respect of which the Issuer, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners, or (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

“**Total Assets**” means the book value of the total consolidated assets of the Group as shown in the most recent annual Financial Report of the Group.

“**Transaction Costs**” means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with any acquisition or disposal permitted under the Terms and Conditions or the incurrence of any Permitted Debt, including the issuance and listing of the Bonds (including any Subsequent Bonds).

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

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - (i) “**assets**” includes present and future properties, revenues and rights of every description;
  - (ii) a “**Finance Document**” or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
  - (iii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (iv) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
  - (v) a provision of law is a reference to that provision as amended or re-enacted; and
  - (vi) a time of day is a reference to Stockholm time.
- (b) Clause headings are for ease of reference only.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) An Event of Default is continuing if it has not been remedied or waived.
- (e) When ascertaining whether a limit or threshold specified in SEK has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. Riksbanken) on its website (<http://www.riksbank.se>). If no such rate is available, the most recently published rate shall be used instead.
- (f) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.

- (g) No delay or omission of the Agent or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

## 2. Status of the Bonds

- 2.1 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 2.2 By subscribing for Bonds, each initial Holder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds each subsequent Holder confirms such agreement.
- 2.3 The Bonds constitute direct, general, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank at least *pari passu* with all other direct, general, unconditional, unsecured and unsubordinated obligations of the Issuer, except obligations which are preferred by mandatory law and except as otherwise provided in the Finance Documents.

## 3. Nominal Amounts of the Bonds

- 3.1 The nominal amount of each Bond is SEK 1,250,000 (the “**Nominal Amount**”). The minimum permissible investment in connection with the Initial Bond Issue is SEK 1,250,000.
- 3.2 The aggregate nominal amount of the Initial Bonds as at the Issue Date is SEK 600,000,000. All Initial Bonds issued in the Initial Bond Issue are issued on a fully paid basis at an issue price of one hundred (100) per cent. of the Nominal Amount.
- 3.3 The Issuer may on one or more occasions after the Issue Date issue Subsequent Bonds under these Terms and Conditions (each such issue, a “**Subsequent Bond Issue**”), provided that:
  - (a) no Event of Default is continuing or would result from such Subsequent Bond Issue;
  - (b) the Incurrence Test (including such Subsequent Bond Issue on a *pro forma* basis) is met; and
  - (c) the maximum aggregate nominal amount of the Bonds issued may not exceed SEK 1,000,000,000 as a result of such Subsequent Bond Issue.

Subsequent Bonds shall benefit from and be subject to the Finance Documents and, for the avoidance of doubt, the ISIN, the Interest Rate, the currency, the Nominal Amount and the Final Redemption Date of the Initial Bonds shall apply also to Subsequent Bonds. The issue price of Subsequent Bonds may be set at, or at a discount or at a premium to, the Nominal Amount.

## 4. Use of Proceeds

The Net Proceeds of the Initial Bond Issue shall be used towards (i) refinancing Existing Debt, (ii) general corporate purposes of the Group (including but not limited to acquisitions and earn-out payments), and (iii) financing Transaction Costs. The Net Proceeds of any Subsequent Bond Issue shall be used to finance general corporate purposes of the Group, including but not limited to investments and acquisitions.

## 5. Escrow of Proceeds

- 5.1 The Issuer shall establish the Escrow Account prior to the Issue Date.
- 5.2 On the Issue Date, the Issuing Agent shall transfer the Net Proceeds from the issuance of the Initial Bonds to the Escrow Account. For the purpose of securing that the Conditions Precedent for

Disbursement have been fulfilled before any disbursement of the Net Proceeds from the issuance of the Initial Bonds is made, the Escrow Account will be pledged in favour of the Agent and the Holders (represented by the Agent) in accordance with the Escrow Account Pledge Agreement.

## **6. Conditions Precedent for Disbursement**

**6.1** Disbursement of the Net Proceeds from the issuance of the Initial Bonds to the Escrow Account will be subject to the following conditions precedent having been received by the Agent (no later than two Business Days prior to the Issue Date):

- (a) a duly executed copy of the Terms and Conditions;
- (b) a duly executed copy of the Agency Agreement;
- (c) constitutional documents and corporate resolutions (approving the relevant Finance Documents and authorising a signatory/-ies to execute the Finance Documents) of the Issuer; and
- (d) the Escrow Account Pledge duly executed by all parties thereto and all documents to be delivered pursuant to such agreement (including all applicable notices, acknowledgements and consents from the account bank).

The release of the Net Proceeds from the Escrow Account will be subject to customary closing procedures for refinancings and the following conditions precedent having been received by the Agent:

- (e) evidence, by way of a funds flow statement and a release letter, that the Existing Debt will be repaid in full (and that the Issuer at the relevant time will have sufficient funds for such repayment), and that any guarantee or security in respect thereof will be fully released immediately upon disbursement of funds.

The Escrow Account Pledge shall, subject to the applicable closing procedure, be established on or before the Issue Date prior to the Net Proceeds being transferred to the Escrow Account. The Agent shall have the right (acting in its sole discretion) to release the Escrow Account Pledge upon the release of funds from the Escrow Account following the satisfaction of the Conditions Precedent contained in (e) above.

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

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

**6.3** The Agent may assume that the documentation and evidence delivered under Clauses 6.1 and/or 6.2 is accurate, legally valid, enforceable, correct and true and the Agent does not have to verify or assess the contents of any such documentation. The Conditions Precedent are not reviewed by the Agent from a legal or commercial perspective of the Holders.



## **7. The Bonds and Transferability**

- 7.1** Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.
- 7.2** All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer and any rights and obligations under the Finance Documents relating to such Bonds are automatically transferred to the Bond transferee.
- 7.3** The Bonds are freely transferable but the Holders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Holder may be subject. No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.
- 7.4** For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

## **8. Bonds in Book-Entry Form**

- 8.1** The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- 8.2** Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 8.3** The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 8.4** For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Agent does not otherwise obtain information from such debt register as contemplated under the Finance Documents, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 8.5** The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.
- 8.6** At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Agent.
- 8.7** The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 8.3 only for the purposes of carrying out their duties and

exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Holder or third party unless necessary for such purposes.

## **9. Right to Act on behalf of a Holder**

- 9.1** If any Person other than a Holder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- 9.2** A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Holder.
- 9.3** The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clauses 9.1 and 9.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **10. Payments in respect of the Bonds**

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

## **11. Interest**

- 11.1** The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond

will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance (or the Issue Date if there is no such Interest Payment Date) up to and including the relevant Redemption Date.

**11.2** Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.

**11.3** Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

**11.4** If the Issuer fails to pay any amount payable by it under these Terms and Conditions on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is 200 basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **12. Redemption, Repurchase and Prepayment of the Bonds**

### **12.1 Redemption at Maturity**

The Issuer shall redeem all, but not only some, of the Bonds in full on the Final Redemption Date (or, to the extent such day is not a CSD Business Day, the first following day that is a CSD Business Day, unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a CSD Business Day) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

### **12.2 Purchase of Bonds by the Issuer**

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

### **12.3 Early Voluntary Redemption by the Issuer (Call Option)**

(a) The Issuer may redeem all, but not only some, of the Bonds in full on any CSD Business Day falling on or after the First Call Date, but before the Final Redemption Date, at the applicable Call Option Price, provided that if the redemption is financed with a new Market Loan, the Issuer may redeem the Bonds from, and including, the date falling forty-two (42) months after the Issue Date to (but excluding) the Final Redemption Date at a price equal to 100.00 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the Bonds to be redeemed).

(b) Redemption in accordance with Clause 12.3(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

### **12.4 Mandatory Repurchase due to a Change of Control Event, a De-listing Event or a Listing Failure (Put Option)**

(a) Upon a Change of Control Event, a De-listing Event or a Listing Failure occurring, each Holder shall have the right to request that all, but not only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to one hundred and one (101) per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of fifteen (15) calendar days following receipt of a notice from the Issuer of the relevant event pursuant to

Clause 13.10(e). The fifteen (15) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event, the De-listing Event or the Listing Failure (as applicable).

- (b) The notice from the Issuer pursuant to Clause 12.4(a) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 12.4(a). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 12.4(a).
- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 12.4(a), the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 12.4 by virtue of the conflict.
- (d) Any Bonds repurchased by the Issuer pursuant to this Clause 12.4 may at the Issuer's discretion be retained or sold, but not cancelled, in accordance with Clause 12.2 (*Purchase of Bonds by the Issuer*).

### 13. Special Undertakings

So long as any Bond remains outstanding, the Issuer undertakes to (and shall procure that each Group Company (as applicable) will) comply with special undertakings set forth in this Clause 13.

#### 13.1 Distributions

- (a) The Issuer shall not, and shall procure that none of its Subsidiaries will,
  - (i) pay any dividend on shares,
  - (ii) repurchase any of its own shares,
  - (iii) redeem its share capital or other restricted equity with repayment to shareholders,
  - (iv) repay principal or pay interest under any shareholder loans,
  - (v) grant any loans except to Group Companies, or
  - (vi) make any other similar distributions or transfers of value (*Sw. värdeöverföringar*) to the Issuer's, or its Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders

(items (i)–(vi) above are together and individually referred to as a “**Restricted Payment**”).

- (b) Notwithstanding the above, a Restricted Payment may be made (A) by any Group Company if such Restricted Payment is made to another Group Company, (B) by the Issuer if, at the time of the payment, paragraph (a) of the definition of “**Incurrence Test**” above is met (calculated on a *pro forma* basis including the relevant Restricted Payment), and the aggregate amount of all Restricted Payments of the Group in any financial year (including the Restricted Payment in question) does not exceed 50 per cent. of the Group's consolidated net profit as set out in the annual audited consolidated financial statements of the Issuer for the preceding financial year, or (C) if and to the extent necessary to comply with mandatory provisions of the Swedish Companies Act relating to dividend distributions to minority shareholders, provided that, the Issuer in such case shall ensure that any such dividends shall be paid at the lowest level allowed by applicable law.

### **13.2 Listing**

The Issuer shall ensure (i) that the Initial Bond Issue is listed on the corporate bond list of NASDAQ Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market, within six (6) months after the Issue Date, (ii) that the Bonds, once admitted to trading on the relevant Regulated Market, continue being listed thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds) and (iii) that, upon any Subsequent Bond Issue, the volume of Bonds listed on the relevant Regulated Market promptly, and not later than ten (10) Business Days after the relevant issue date, is increased accordingly.

### **13.3 Nature of Business**

The Issuer shall procure that no substantial change is made to the general nature of the business as carried out by the Group on the Issue Date.

### **13.4 Financial Indebtedness**

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

### **13.5 Negative Pledge**

The Issuer shall not, and shall procure that none of the Subsidiaries will, create or allow to subsist, retain, provide, prolong or renew any guarantee or security over any of its/their assets (present or future), provided however that each of the Group Companies has the right to create or allow to subsist, retain, provide, prolong and renew any Permitted Security.

### **13.6 Disposal of Assets**

The Issuer shall not, and shall procure that none of its Subsidiaries will, sell, transfer or otherwise dispose of shares in any Material Group Company or of all or substantially all of its or any Material Group Company's assets or operations to any Person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction (taken as a whole also taking into account any transaction ancillary or related thereto) is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. The Issuer shall notify the Agent of any such transaction in accordance with Clause 13.10(g).

### **13.7 Dealings with Related Parties**

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

### **13.8 Compliance with Laws etcetera**

The Issuer shall, and shall procure that the Subsidiaries, (i) comply in all material respects with all laws and regulations applicable from time to time, including but not limited to the rules and regulations of NASDAQ Stockholm, NASDAQ First North or any other Regulated Market or recognised unregulated market place on which the Issuer's securities from time to time are listed, and (ii) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company.

### **13.9 Intellectual Property**

The Issuer shall (and the Issuer shall procure that each other Group Company will):

- (a) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the relevant Group member;
- (b) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property;
- (c) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property in full force and effect and record its interest in that Intellectual Property;
- (d) not use or permit the Intellectual Property to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil the right of any Group Company to use such property; and
- (e) not discontinue the use of the Intellectual Property,

where failure to do so or such use, permission to use, omission or discontinuation (as applicable), is reasonably likely to have a Material Adverse Effect.

### **13.10 Financial Reporting Etc.**

The Issuer shall:

- (a) prepare and make available the annual audited consolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than four (4) months after the expiry of each financial year;
- (b) prepare and make available the quarterly interim unaudited consolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than two (2) months after the expiry of each relevant interim period;
- (c) issue a Compliance Certificate to the Agent (i) in connection with the payment of any Restricted Payment or the incurrence of any new Financial Indebtedness (including any Subsequent Bond Issue), which requires that the Incurrence Test is met and (ii) at the Agent's request, within twenty (20) calendar days from such request;
- (d) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on the website of the Group;
- (e) promptly notify the Agent (and, as regards a Change of Control Event, a De-listing Event or a Listing Failure, the Holders) upon becoming aware of the occurrence of a Change of Control Event, a De-listing Event, a Listing Failure or an Event of Default, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice;
- (f) prepare the Financial Reports in accordance with the Accounting Principles and make them available in accordance with the rules and regulations of NASDAQ Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (as amended from time to time); and
- (g) notify the Agent of any transaction referred to under 13.6 (*Disposal of Assets*) and shall upon request by the Agent, provide the Agent with (i) any information relating to the transaction which the Agent deems necessary (acting reasonably) and (ii) a determination

from the Issuer which states whether the transaction is carried out at fair market value and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out at fair market value and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (ii) above).

### 13.11 Agency Agreement

The Issuer shall, in accordance with the Agency Agreement:

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

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

### 13.12 CSD Related Undertakings

- (a) The Issuer shall keep the Bonds affiliated with a CSD and comply with all CSD regulations applicable to the Issuer from time to time.
- (b) The Issuer shall at all times keep an updated copy of the register of Holders maintained by the CSD.

## 14. Termination of the Bonds

**14.1** The Agent is entitled to, and shall following a demand in writing from a Holder (or Holders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Holder on the second Business Day following the day on which the demand is received by the Agent and shall, if made by several Holders, be made by them jointly) or following an instruction or decision pursuant to Clause 14.6 or 14.7, on behalf of the Holders, terminate the Bonds and declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Agent determines (such later date not falling later than twenty (20) Business Days from the date on which the Agent made such declaration), if:

- (a) **Non-Payment:** The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is due to technical or administrative error and is remedied within five (5) Business Days of the due date;
- (b) **Other Obligations:** The Issuer fails to comply with its obligations under a Finance Document, in any other way than as set out under (a) above, unless the non-compliance is (a) capable of remedy; and (b) is remedied within fifteen (15) Business Days of the earlier of the Agent giving notice and the relevant party becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such notice being given);
- (c) **Cross-Acceleration:** Any Financial Indebtedness of a Group Company is not paid when due (as extended by any originally applicable grace period), or is declared to be due and payable prior to its specified maturity as a result of an event of default (however

described), provided that no Event of Default will occur under this paragraph (c) if (i) the aggregate amount of Financial Indebtedness that has fallen due is less than SEK 25,000,000 (or its equivalent in any other currency), or (ii) the Financial Indebtedness in question is owed to another Group Company;

- (d) **Insolvency:**
  - (i) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors generally (except for Holders) with a view to rescheduling its Financial Indebtedness; or
  - (ii) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company;
- (e) **Insolvency Proceedings:** Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within thirty (30) calendar days of commencement or, if earlier, the date on which it is advertised, and (ii) in relation to Subsidiaries, solvent liquidations) in relation to:
  - (i) the suspension of payments, winding up, dissolution, administration or reorganisation (Sw. *företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company;
  - (ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets; or
  - (iii) any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company;
- (f) **Mergers and Demergers:** (i) A decision is made that any Material Group Company shall be merged or demerged into a company which is not a Group Company, unless the Agent has or the Holders have (as applicable) given its/their consent (not to be unreasonably withheld or delayed) in writing prior to the decision of the merger and/or demerger (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors and where consent from the Agent may only be given if the contemplated merger and/or demerger is likely to not have a Material Adverse Effect), or (ii) the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity;
- (g) **Creditors' Process:** Any enforcement of security, expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding SEK 25,000,000 (or the equivalent) and is not discharged within sixty (60) days;
- (h) **Impossibility or Illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable; or
- (i) **Continuation of the Business:** A Material Group Company ceases to carry on its business except if due to (a) a disposal permitted under Clause 13.6 (*Disposal of Assets*), (b) a solvent liquidation of a Group Company other than the Issuer or (c) a merger or demerger permitted as stipulated in paragraph (f) above and provided that, in relation to a discontinuation of a Material Group Company (other than the Issuer) such discontinuation is likely to have a Material Adverse Effect.



- 14.2** The Agent may not terminate the Bonds in accordance with Clause 14.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, in accordance with these Terms and Conditions, to waive such Event of Default (temporarily or permanently). However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned under Clause 14.1(d)(ii).
- 14.3** If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 14.4** The Issuer is obligated to inform the Agent immediately if any circumstance of the type specified in Clause 14.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Clause 14.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 14.1 and provide the Agent with all documents that may be of significance for the application of this Clause 14.
- 14.5** The Issuer is only obligated to inform the Agent according to Clause 14.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with NASDAQ Stockholm (or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with the relevant Regulated Market or otherwise, the Issuer shall however be obligated to either seek the approval from the relevant Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 14.4.
- 14.6** If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 14.1, the Agent shall (i) notify, within five (5) Business Days of the day of notification or determination, the Holders of the default and (ii) decide, within twenty (20) Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 16 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 14.7** If the Holders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 16 (*Decisions by Holders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.
- 14.8** If the Bonds are declared due and payable in accordance with the provisions in this Clause 14, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 14.9** For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 14.1 without relevant decision by the Agent or following instructions from the Holders' pursuant to Clause 16 (*Decisions by Holders*).
- 14.10** If the Bonds are declared due and payable in accordance with this Clause 14, the Issuer shall redeem all Bonds with an amount equal to (i) if on or before the First Call Date, an amount per Bond together with a premium on the due and payable amount set out in paragraph (a) of the

definition of “*Call Option Price*” above (together with accrued but unpaid interest) and (ii) the applicable Call Option Price (together with accrued but unpaid interest).

## **15. Distribution of Proceeds**

**15.1** If the Bonds have been declared due and payable in accordance with Clause 14 (*Termination of the Bonds*), all payments by the Issuer relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) *firstly*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent, (ii) other costs, expenses and indemnities relating to the termination of the Bonds or the protection of the Holders’ rights under the Finance Documents, (iii) any non-reimbursed costs incurred by the Agent for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Agent in relation to a Holders’ Meeting or a Written Procedure;
- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the application of proceeds in accordance with items (a) to (d) above shall be paid to the Issuer. The application of proceeds in accordance with items (a) to (d) above shall, however, not restrict a Holders’ Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

**15.2** a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 15.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 15.1.

**15.3** If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Holders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 10.1 shall apply.

## **16. Decisions by Holders**

**16.1** A request by the Agent for a decision by the Holders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Holders’ Meeting or by way of a Written Procedure.

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

**16.3** The Agent may refrain from convening a Holders’ Meeting or instigating a Written Procedure if (a) the suggested decision must be approved by any Person in addition to the Holders and such

Person has informed the Agent that an approval will not be given, or (b) the suggested decision is not in accordance with applicable laws.

**16.4** Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 9 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:

- (a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 18.3, in respect of a Written Procedure,

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

**16.5** The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3:

- (a) waive a breach of or amend an undertaking set out in Clause 13 (*Special undertakings*);
- (b) reduce the Nominal Amount, Interest Rate or Interest which shall be paid by the Issuer;
- (c) amend any payment day for principal or Interest or waive any breach of a payment undertaking, or
- (d) amend the provisions in this Clause 16.5 or 16.6.

**16.6** Any matter not covered by Clause 16.5 shall require the consent of Holders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3. This includes, but is not limited to, any amendment to or waiver of the terms of any Finance Document that does not require a higher majority (other than an amendment or waiver permitted pursuant to Clauses 19.1(a), 19.1(b) or 19.1(c)), a termination of the Bonds.

**16.7** If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Agent in a Written Procedure, will prevail. The chairman at a Holders' Meeting shall be appointed by the Holders in accordance with Clause 16.6.

**16.8** Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount;

- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
- (b) if in respect of a Written Procedure, reply to the request.

**16.9** If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 17.1) or initiate a second Written Procedure (in accordance with Clause 18.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 16.8 shall not apply to such second Holders' Meeting or Written Procedure.

**16.10** Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.

- 16.11** A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 16.12** The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 16.13** A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.
- 16.14** All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 16.15** If a decision shall be taken by the Holders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.
- 16.16** Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Agent, as applicable.

## **17. Holders' Meetings**

- 17.1** The Agent shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons). If the Holders' Meeting has been requested by the Holder(s), the Agent shall send a copy of the notice to the Issuer.
- 17.2** Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 17.1 with a copy to the Agent. After a request from the Holders pursuant to Clause 20.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 17.1.
- 17.3** The notice pursuant to Clause 17.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Holders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 17.4** The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 17.5** If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.

- 17.6** At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.
- 17.7** Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

## **18. Written Procedure**

- 18.1** The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Agent shall send a copy of the communication to the Issuer.
- 18.2** Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18.1 to each Holder with a copy to the Agent.
- 18.3** A communication pursuant to Clause 18.1 shall include (i) each request for a decision by the Holders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 18.1), (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 18.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 18.4** If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.
- 18.5** When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16.5 and 16.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clauses 16.5 or 16.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **19. Amendments and Waivers**

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

- (c) such amendment or waiver is necessary for the purpose of listing the Bonds on the corporate bond list of NASDAQ Stockholm (or any other Regulated Market, as applicable) provided such amendment or waiver does not materially adversely affect the rights of the Holders; or
- (d) such amendment or waiver has been duly approved by the Holders in accordance with Clause 16 (*Decisions by Holders*).

**19.2** The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.

**19.3** The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 19.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.

**19.4** An amendment or waiver to the Finance Documents shall take effect on the date determined by the Holders' Meeting, in the Written Procedure or by the Agent, as the case may be.

## **20. Appointment and Replacement of the Agent**

### **20.1 Appointment of Agent**

- (a) By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Holder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*), or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.
- (b) Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Holder which does not comply with such request.
- (c) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (d) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's obligations as agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (e) The Agent may act as agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

### **20.2 Duties of the Agent**

- (a) The Agent shall represent the Holders in accordance with the Finance Documents. However, the Agent is not responsible for the execution or enforceability of the Finance Documents. The Agent shall keep the latest version of these Terms and Conditions

(including any document amending these Terms and Conditions) available on the website of the Agent.

- (b) Upon request by a Holder, the Agent shall promptly distribute to the Holders any information from such Holder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Holder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- (c) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (d) The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (e) The Agent shall treat all Holders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
- (f) The Agent shall, subject to Clause 25.2(b), be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- (g) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event or circumstance which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under the Finance Documents or (iii) when the Agent is to make a determination under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of proceeds*).
- (h) The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.
- (i) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obligated to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (j) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.
- (k) The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or

indemnity due to the Agent under the Finance Documents, or (ii) if it refrains from acting for any reason described in Clause 20.2(j).

### **20.3 Limited Liability for the Agent**

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

### **20.4 Replacement of the Agent**

- (a) Subject to Clause 20.4(f), the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 20.4(f), if the Agent is insolvent or becomes subject to bankruptcy proceedings, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Holder (or Holders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.
- (d) If the Holders have not appointed a successor Agent within ninety (90) calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may



reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **21. Appointment and Replacement of the Issuing Agent**

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

## **22. Appointment and Replacement of the CSD**

- 22.1** The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 22.2** The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Holder or the listing of the Bonds listed on the corporate bond list of NASDAQ Stockholm (or any other Regulated Market, as applicable). The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*).

## **23. No Direct Actions by Holders**

- 23.1** A Holder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*Sw. företagsrekonstruktion*) or bankruptcy (*Sw. konkurs*) (or its equivalent in any other jurisdiction) of the Group Companies in relation to any of the obligations and liabilities of the Issuer under the Finance Documents.

- 23.2** Clause 23.1 shall not apply if the Agent has been instructed by the Holders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 20.1(b)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or by any reason described in Clause 20.2(j), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2(k) before a Holder may take any action referred to in Clause 23.1.
- 23.3** The provisions of Clause 23.1 shall not in any way limit an individual Holder's right to claim and enforce payments which are due to it under Clause 12.4 (*Mandatory Repurchase due to a Change of Control Event, a De-listing Event or a Listing Failure (Put Option)*) or other payments which are due by the Issuer to some but not all Holders.

## **24. Time-Bar**

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

## **25. Notices and Press Releases**

### **25.1 Notices**

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

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

Stillfront Group AB (publ)  
Att: CFO Sten Wranne  
Sveavägen 9  
111 57 Stockholm  
Sweden

with a copy to:

Advokatfirma DLA Piper Sweden KB  
Att: Peter Ihrfelt  
P.O. Box 7315  
103 90 Stockholm  
Sweden

or such other address notified by the Issuer to the Agent from time to time or, if sent by email by the Agent, to [sten@stillfront.com](mailto:sten@stillfront.com) and [peter.ihrfelt@dlapiper.com](mailto:peter.ihrfelt@dlapiper.com) or such other email address as notified by the Issuer to the Agent from time to time; and

- (c) if to the Holders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Holder in order to receive the communication, and by either courier delivery or letter for all Holders. A Notice to the Holders shall also be published on the websites of the Issuer and the Agent.
- (d) Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer or the Issuing Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1(a) or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 25.1(a).

Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

## **25.2 Press Releases**

- (a) Any notice that the Issuer or the Agent shall send to the Holders pursuant to Clauses 12.3(b), 12.4, 13.10, 14.6, 15.1(c), 16.16, 17.1, 18.1, 19.3, 20.2(k) and 20.4(a) shall also be published by way of press release by the Issuer or the Agent, as applicable.
- (b) In addition to Clause 25.2(a), if any information relating to the Bonds, the Issuer or the Group contained in a notice that the Agent may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Holders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Agent shall be entitled to issue such press release.

## **26. Force Majeure and Limitation of Liability**

- 26.1** Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 26.2** The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 26.3** Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with the Finance Documents, such action may be postponed until the obstacle has been removed.
- 26.4** The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## **27. Listing**

In addition to the provisions of Clause 12.4 (*Mandatory Repurchase due to a Change of Control Event, a De-listing Event or a Listing Failure (Put Option)*) and the undertakings in Clause 13.2 (*Listing*), the Issuer intends to list the Initial Bonds within thirty (30) calendar days after the Issue Date.

## **28. Governing Law and Jurisdiction**

**28.1** These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.

**28.2** Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 28.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.

**28.3** The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

# Description of the Group

## History

The Company, Stillfront Group AB (publ), was incorporated on 2 November 2006 as a Swedish public limited liability company operating under the laws of Sweden with registration number 556721-3078. The registered office of the Company is Sveavägen 9, 111 57 Stockholm, Sweden and its headquarters are located at the same address, with telephone number +46 708 11 64 30.

In 2010, the Company was merged with a number of companies, including inter alia Gamerock AB, Verrano AB and Coldwood Holding AB. The consolidation process was finalised in 2012 at which point operations started under the current operational structure.

Since 2012, the Company acquired a number of further companies including Power Challenge Holding Ltd (2012), Bytro Labs GmbH (2013), DOG Holdings Ltd (2014) and Babil Games (2016).

In December 2015, the Company listed its shares on NASDAQ First North Stockholm

In June 2016, the Company acquired Simutronics.

In May 2017, the Company acquired eRepublik Labs and in June of the same year the listing of the Company's shares was moved to NASDAQ First North Premier.

During 2018, the Company acquired Altigi GmbH ("**Goodgame Studios**") in January and Imperia Online JSC ("**Imperia Online**") in October, and in the same month Babil Games launched the Arab Gamers' League.

## Business

### *General*

The Group is an independent creator, publisher and distributor of digital games, with a vision to become one of Europe's leading indie game developers and publishers.

### *Market Segments*

The Group is active within two segments: the mobile game segment and the online/browser games segment. During the nine month period ended 30 September 2018, the online/browser games segment accounted for approximately 46 per cent. of the Group's business, and the mobile game segment for approximately 53 per cent. of the Group's business.

- **Online/Browser games segment.** Online/Browser games are games played directly through an internet browser. These games do not have to be downloaded or purchased in physical copies, and can therefore be consumed anywhere with access to Internet. Historically, browser games have been of a simple gaming character similarly to mobile games. This segment is however moving towards more advanced games as consumer demand for high quality content is increasing, and as a result the life cycle of games is increasing. Browser games are often so called "free-to-play" games, meaning that no payment is required when starting to play the game. However, payment is often required to unlock certain parts of the game or to gain specific advantages. In this way, games with a longer life cycle can provide the developer with longer-term revenue streams.
- **Mobile game segment.** Mobile games are developed for smartphones and tablets. Mobile games have historically often been so called "casual games" with a simplistic gaming character, short playing times at each playing occasion and low degree of player involvement. Due to the simplistic character and low degree of player involvement, casual games tend to have short life cycles. This, in turn, requires developers to maintain a large portfolio of games and to continually release new titles as turnover of games is high. Typically, casual games are fast and easy to develop, require only a few investments and are easily distributed. This implies that barriers to entry are low for games which has allowed for substantial competition between developers, making it difficult to achieve and maintain attractive profitability, with a small number of notable exceptions. As mobile

devices are now becoming more powerful, more advanced games are suitable for mobile with higher gamer immersion and lifetime. Thus the gaming experience and the revenue potential for online strategy games on the mobile have now become comparable to those of browser games.

### **Business Model**

The Company's current subsidiaries apply three different business models:

① **Proprietary development and publishing** (Bytro, Power Challenge, Dorado, eRepublik, Goodgame Studios, OFM Studios, Imperia Online and Simutronics)

Game development is internally financed, which enables retained intellectual property ("IP") ownership and large upside potential. The upfront investment risk is mitigated with the use of game engines, as the investment per game becomes smaller for every new game released on the same game. The revenue model is free to play with monetising through in-game purchases.

② **Partnership development and publishing** (Coldwood)

Development and publishing is carried out in collaboration with a global publisher such as Sony or EA, who obtains the IP ownership of the game but finances the development, marketing and distribution. The absence of up-front investment in development, marketing and distribution reduces the Group's risk while the loss of IP ownership limits the upside. The revenue model is contracting fees with royalty participation on sold copies.

③ **Adaptation and publishing** (Babil Games)

Adaptation and publishing does not entail development of games but localised adaptation of games from external developers to meet the requirements of a certain market. The adaptations relate to language, graphics and in some cases also to adding social functions. Revenues are generated through a free-to-play model with in game purchase options.

### **Studios**

The Group operates through ten near-autonomous studios: Our studios are Bytro Labs, Goodgame Studios and OFM in Germany, Coldwood Interactive in Sweden, Power Challenge in the UK and Sweden, Dorado Games in Malta, Simutronics in the United States, Babil Games in UAE and Jordan, eRepublik Labs in Ireland and Romania, and Imperia Online JSC in Bulgaria. The Group's games are distributed globally, although its main target markets include the United Kingdom, Germany, the United States, MENA and France.

- **Babil Games** focuses on adapting and publishing mobile games for the MENA market. It adapts games from external – mainly Chinese – developers to the specific requirements of the MENA market, including adapting language, graphics and in some cases adding social functions. Revenues are generated through a free-to-play model with in game purchase options.
- **Bytro Labs** develops and publishes mobile and browser-based war strategy games, earning revenue through a free-to-play model with in game purchase options.
- **Coldwood Interactive** is a game studio currently developing games on a contractual basis and has a long history of console games. Coldwood generally earns revenues by way of contracting fees during game development and royalties on each sold copy of a game.
- **Dorado Games** develops and publishes browser-based strategy games, earning revenue through a free-to-play model with in game purchase options.
- **eRepublik Labs** develops mobile and browser-based strategy games, earning revenue through a free-to-play model with in game purchase options.
- **Goodgame Studios** develops mobile and browser-based strategy games, earning revenue through a free-to-play model with in game purchase options.

- **Imperia Online** develops mobile and browser-based strategy games, earning revenue through a free-to-play model with in game purchase options.
- **OFM** develops and publishes mobile and browser-based social sports management games, earning revenue through a free-to-play model with in game purchase options.
- **Power Challenge** develops and publishes mobile and browser-based social sports management games, earning revenue through a free-to-play model with in game purchase options.
- **Simutronics** develops advanced mobile games, earning revenue through a free-to-play model with in game purchase options, and develops and publishes browser based strategy games.

### ***Games portfolio***

The Group has a well-diversified games portfolio across a range of genres and platforms. Key game titles of the Group include:

- **Call of War**, a browser-based World War II strategy game launched in 2015;
- **Conflict of Nations: Modern War**, a browser-based strategy game set in a contemporary scenario launched in 2017;
- **eRepublik**, a browser-based massively multiplayer online game launched in 2008;
- **Gemstone IV and Dragonrealms**, browser-based fantasy games originally launched in 1987 and 1996, respectively;
- **Goodgame: BIG FARM**, a online farming strategy game for browser launched in 2012;
- **Goodgame: BIG FARM: Mobile Harvest**, a online farming strategy game for mobile launched in 2017;
- **Goodgame: EMPIRE**, a online strategy game for browser launched in 2011;
- **Goodgame: EMPIRE: Four Kingdoms**, a online strategy game for browser launched in 2013;
- **Imperia Online**, a browser-based massively multiplayer online real-time strategy game launched in 2005;
- **ManagerZone Football & Hockey**, mobile and browser-based sports management games launched in 2001 and 2003, respectively;
- **Nida Harb II**, a mobile war strategy game launched in 2017;
- **Online Fussball Manager**, a sports management game launched in 2003;
- **SIEGE: World War II**, a mobile war strategy game currently in soft launch;
- **Supremacy 1914**, a browser-based World War I strategy game launched in 2009;
- **Tank Storm**, a mobile war strategy game launched in 2015;
- **Unravel**, a puzzle/strategy platform game launched for console and PC in 2016 and Unravel II, launched June 2018;
- **War and Peace: Civil War**, a mobile war strategy game launched in 2017; and
- **World at War**, a mobile war strategy game launched in 2016.

## The Group

The Group's organisational set-up is concentrated in the Company itself providing professional group management over the studios listed above. This management framework provides a professional structure to guide creativity in the entrepreneurial game-developing subsidiaries and to obtain inter-subsidary synergies.

### Professional Structure

The Company seeks to professionalise decision making relating to investments and operations in order to improve resource allocation. For example, the risk-to-reward profile of different investment opportunities are weighed against each other to select the most beneficial investment for the Group at a given point in time. In addition, group management may also be able to leverage its industry networks throughout the Group.

### Guided Creativity

Group management applies a professional framework to improve resource allocation and to centralise administrative functions across the Group, leaving entrepreneurs and game developers free to originate, conceptualise and develop games.

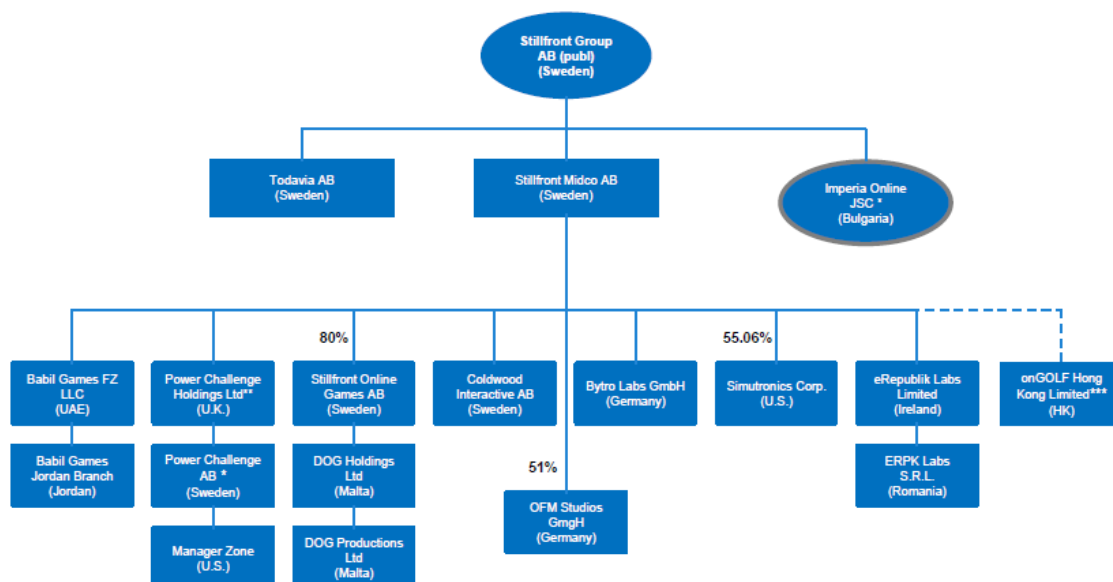
### Synergies

The central management of the Group creates cost synergies through centralised overhead procurement. Furthermore, the Group can benefit from cross-promotion synergies between games and between subsidiaries, as well as knowledge-sharing synergies between subsidiaries.

## Group Structure

The Company is the ultimate parent company in the Group and has several direct and indirect subsidiaries in different countries. A significant portion of the Group's business is carried out through the Company's subsidiaries. Consequently, the Company is dependent upon its subsidiaries.

The below structure chart shows the legal structure of the Group as at the date of this Prospectus:



\* Under transfer to Stillfront Midco AB

\*\* In the process of being liquidated

\*\*\* Dissolved and de-registered 7 July 2017



## Strategy

The Group's strategy focusses on the following:

- **Internal operational strategy:** mitigating the industry's hit driven characteristics by focussing on improving and extending the Group's portfolio of games, long life-cycle games, game engines for scalability and cross platform development.
- **Growth:** the Group intends to increase profitability by capitalising on the internal operational strategy through both organic growth and further acquisitions.
- **Marketing:** the Group's marketing strategy is based on publishing and brands, aiming to target the potential of third party publishing and increasing own brands.

## Intellectual property

### *General*

Intellectual property rights to works produced by the Group's employees are generally transferred via the employment agreements. Consultants are only occasionally involved in work that results in intellectual property rights. The employees are remunerated for the transfer of rights to the employing entity through their salaries. Generally, no extra payments are made as consideration for the transfer of rights.

### *Material Intellectual Property Rights*

The Group's material intellectual property rights are as follows:

**Trademarks.** Bytro Labs GmbH has registered the community trademarks "Call of War", "New World Empires" and "Thirty Kingdoms" in Nice classes 9, 28 and 41. DOG Holdings Ltd has registered the community trademark "GLADIATORS ONLINE: DEATH BEFORE DISHONOR" in Nice classes 9, 28, 35, 41 and 42. eRepublik Labs Limited has registered the community trademark "Stamp Frenzy", "Erepublic the new world"(logo) in Nice classes 9, 35 and 41, "Age of Lords" in Nice classes 9, 28, 41 and 42, "Rockstar Madness" in Nice classes 9 and 41 and "Clash of Nations", "War Nations", "Etifosi" and "Erepublic Labs Inventing Game worlds" (logo) and "Erepublic Labs Crafting Game Words" (logo) in Nice classes 9, 41 and 42. Imperia Online JSC has registered the Bulgarian trademarks "Imperia Online", "Global Wars" and "Imperial Hero" in Nice classes 9, 16, 28, 41 and 42. Altighi GmbH has registered the community trademarks "GG Good Game" (logo) in Nice classes 9, 28, 38 and 41. No trademarks have been registered by Power Challenge AB or Coldwood Interactive AB.

**Domain names.** The Group Companies hold a number of domain names which are used in and are considered relevant for the business.

### *Disputes*

No disputes regarding the Group Companies' brands have been reported.

## Competition

The competitive landscape differs for the different gaming products, but in general, with recent rapid industry growth, the gaming market remains extremely competitive. The industry is growing fast, constantly evolving and the potential for success for newcomers remains immense. The effects of industry characteristics such as quickly developing technology, intense competition and volatile consumer habits are that no competitive edge is long-term sustainable and the top position is thus always being fought over.

Game consumers in general are not very brand-focused and do not develop long-term bonds with certain gaming companies compared to other more brand-focused industries such as luxury car or clothing industries. Game developers have to be constantly creative and prior successes have relatively small effect on the future of the company as traditional video game revenue lifetime is rather finite.

The gaming industry is in all regards global and the Group thus competes with game developers from all over the world.

## Employees

From and including 1 January 2018 until the date of this Prospectus, the average number of employees of the Group was 420 compared to 129 for the twelve months ended 31 December 2017.

## Litigation

None of the Company or any of its subsidiaries is, or has been over the past twelve months, a party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on the Group's financial position or profitability. Nor is the Company aware of any such proceedings which are pending or threatening and which could lead to the Company or any of its Subsidiaries becoming a party to such proceedings.

## Recent Events

### *Acquisitions*

In January 2018, the Company completed the acquisition of 100% of the shares in Altigi GmbH for a consideration of EUR 270 million on a cash and debt free basis. SEK 390 million was paid in cash and the remaining part of the consideration was paid in newly issued shares in the Company.

In October 2018, the Company completed the acquisition of 100% of the shares in Imperia Online JSC. The purchase price that the Company paid to the sellers in connection with the closing amounted to EUR 10,000,000, of which approximately EUR 5,000,000 was paid in cash and the remaining approximately EUR 5,000,000 in 269,412 newly issued shares in the Company. Further, an earn-out consideration is payable by the Company in an aggregate maximum total amount of EUR 17,500,000 out of which 50% shall be paid in cash and 50% in newly issued shares in Stillfront. The earn-out consideration is payable annually following the approval of each of the annual reports for the financial years ending 31 December 2018, 2019, 2020 and 2021. The ultimate size of the yearly earn-out component will depend on the EBIT development of Imperia Online JSC.

In November 2018, the Company refinanced and redeemed its SEK 500,000,000 senior secured callable floating rate bonds due 2020 ("**2020 Bonds**") through the issuance of its SEK 600,000,000 senior unsecured bonds due 2022 (the "**2022 Bonds**") under a new bond framework of up to SEK 1,000,000,000 senior unsecured bonds. The balance of the proceeds from the 2022 Bonds not used to refinance the 2020 Bonds will be used for general corporate purposes (including acquisitions).

In December 2018, the Company completed the acquisition of 100% of the shares in the German company Playa Games GmbH, a leading casual strategy game developer and publisher. Upon completion of the acquisition, EUR 20,000,000 was paid to the sellers, of which approx. EUR 14,000,000 was payable in cash and the remaining approx. EUR 6,000,000 in 425,913 newly issued shares in the Company. Further, an earn-out consideration is payable by the Company in an aggregate maximum total amount of EUR 25,000,000 out of which 50% shall be paid in cash and 50% in newly issued shares in the Company. The earn-out consideration is payable annually following the approval of each of the audited annual reports for the financial years ending 31 December 2019 and 2020. The ultimate size of the yearly earn-out component will depend on the EBIT development of the Company. In addition, the earn-out consideration amount based on the year 2019 shall be capped at EUR 15,000,000, where the excess (if any) shall be accumulated for the next year. The total purchase price payable by the Company for Playa Games cannot exceed EUR 45,000,000.

### *Management*

In December 2018, the Company announced that Marina Andersson has been appointed as Head of M&A and will be part of the Group's management team. Marina has close to 20 years track record of investment banking and M&A. She has extensive competence within strategic and financial advisory, deal generation, buy and sell side M&A project management, financial analysis, due diligence and company valuation. Former positions include: Director at Deloitte's Corporate Finance Advisory team, Director at ICECAPITAL Securities, Associate Partner and Investment Manager at Deseven, M&A Analyst at Carnegie. She holds two

Master degrees from Stockholm University and Russian Herzen State Pedagogical University. Marina Andersson will assume her position in the first quarter of 2019.

## Share Capital and Ownership Structure

Pursuant to the articles of association of the Company, the Company's share capital shall be no less than SEK 16,305,541 and not more than SEK 65,222,164. As at 30 September 2018, the Company's share capital amounted to SEK 16,347,040.50 divided among 23,352,915 shares. The shares are denominated in SEK. Since 8 December 2015, the Company's shares are traded on NASDAQ First North Stockholm, with trading symbol SF and ISIN: SE0007704788. As at 30 September 2018, there were approximately 3,800 shareholders in the Company.

Part of the consideration for the Company's acquisition of Altigi GmbH was payable in 16,868,623 shares in the Company.

Part of the consideration for the Company's acquisition of Imperia Online JSC was payable in 269,412 shares in the Company.

The Company's articles of association contain a CSD provision and the Company's shares are affiliated with Euroclear Sweden AB, which means that Euroclear Sweden AB administers the company's share register and registers the shares to owners. All shares grant equal entitlement to participate in the Company's profits and an equal share in any surplus arising on liquidation.

The following table shows the principal shareholders of shares in the Company as at 30 September 2018:

Shareholder	Number of Shares	Proportion of Share Capital	Proportion of Voting Capital
Laureus Capital GmbH	6,283,570	26.6%	26.6%
Handelsbanken Fonder	2,228,897	9.4%	9.4%
Swedbank Robur Fonder	2,185,896	9.3%	9.3%
Första AP-fonden	2,092,599	8.9%	8.9%
Carnegie Fonder	698,712	3.0%	3.0%
Global Founder Capital GmbH & Co	638,104	2.7%	2.7%
Avanza Pension	525,603	2.2%	2.2%
SEB Fonder	503,543	2.1%	2.1%
Prioritet Finans	429,089	1.8%	1.8%
Danica Pension	377,743	1.6%	1.6%
<b>Total:</b>	<b>15,963,756</b>	<b>67.60%</b>	<b>67.60%</b>

The following table shows shares in the Company owned directly or indirectly by persons discharging managerial responsibilities of the Company as at 10 December 2018:

Shareholder	Number of Shares
Birgitta Henriksson	2,250
Fabian Ritter*	6,351,696
Jörgen Larsson**	166,330
Sten Wranne***	66,759
Christian Wawrzinek****	6,283,570
Kai Wawrzinek*****	6,283,570
Verena Schnaus*****	0

<b>Total:</b>	19,154,175
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- \* 6,283,570 shares are owned by Laureus Capital GmbH, where Fabian Ritter is managing director.
- \*\* Jörgen Larsson owns 100% of IdeCap AB, which holds 160,573 shares in the Company. Further, Jörgen Larsson owns 50% of Sonthag & Larsson Investment Strategy AB, which holds 5,757 shares in the Company. Further, Jörgen Larsson holds 60,000 warrants in the 2017/2020 programme.
- \*\*\* 6,300 shares held directly, 60,459 shares held by Black Ocean Invest AB, 100% owned by Sten Wranne. Further, Sten Wranne holds 40,000 warrants in the 2017/2020 programme.
- \*\*\*\* Held through Laureus Capital GmbH, 50% owned by Christian Wawrzinek.
- \*\*\*\*\* Held through Laureus Capital GmbH, 50% owned by Kai Wawrzinek.
- \*\*\*\*\* Verena Schnaus holds 12,000 warrants in the 2018/2012 programme.

### **Shareholders' agreements**

There are no shareholders' agreements or other agreements which could result in a change of control of the Company.

### **Warrants**

On 30 May 2018, the extraordinary general meeting of the Company resolved to issue 300,000 warrants for the purpose of an incentive programme. Following such issuance, there are 722,620 warrants in the Company.

### **Related Party Transactions**

Other than customary transactions with related parties such as remuneration to key individuals and the incentive programme for management referred to above, there have been no transactions with related parties.

# Board of Directors, Management and Auditors

The Company's board of directors (the "Board") currently consists of six members. The Board and management of the Group can be contacted through the Company at its head office at Sveavägen 9, 111 57 Stockholm, Sweden, telephone number: 46 708 11 64 30. Information on the members of the Board and the senior management is set forth below.

## Board of Directors of the Company

### Jan Samuelson, Chairman of the Board

*Born 1963. Chairman and board member since 2018.*

**Education:** BA Finance, Stockholm School of Economics, LL.M. Master of Laws, Stockholm University.

**Professional experience:** Previously co-founder and senior partner Accent Equity Partners AB, SVP EF Travel at EF Education First, Management Consultant Carta Corporate Advisors AB, Management Consultant Indevo AB. Broad experience of board assignments, including audit committee work.

**Other current assignments:** Chairman Resurs Bank AB, Resurs Holding AB (publ.), and Sdipotech AB (publ.). Board member Saltå Kvarn AB.

### Katarina Bond, Board Member

*Born 1958. Board member since 2018.*

**Education:** M.Sc. Physics and Mathematics, KTH Royal Institute of Technology, Mathematics and Social history, Salem College, North Carolina, Economics, Stockholm University.

**Professional experience:** CEO and Chair at UniSite Software, EVP Global Sales & Marketing, Captura Software Inc., Marketing Director at Dun & Bradstreet Software Inc., VP Sales and Marketing at Timeline Inc., Business Area Director at Cap Gemini Consulting. CEO Programator Industri AB. Broad experience from board work in listed and private companies in Sweden and USA.

**Other current assignments:** Chairman of Opus Group, Imint Vidhance (IMINT Image Intelligence AB), Propellerhead Software AB, Board member Aptilo Networks AB, Micro Systemations AB (publ.), Mycronic AB (publ.).

### Birgitta Henriksson, Board Member

*Born 1963. Board member since 2017.*

**Education:** Bachelor's degree, Economics, Business Administration, Uppsala University.

**Professional experience:** Birgitta Henriksson is a Partner with Brunswick Group. She has experience as the Head of Investor Relations and Corporate Communications, Carnegie Investment Bank, where she also worked in Investment Banking with IPOs and M&A advisory.

**Other current assignments:** None.

### Erik Forsberg, Board Member

*Born 1971. Board member since 2018.*

**Education:** M.Sc. Business and Administration, Stockholm School of Economics.

**Professional experience:** CFO Intrum AB (publ), CFO Cision AB (publ) and Business Area CFO, Group Treasurer and Business Controller at EF Education.

**Other current assignments:** None.

#### **Fabian Ritter, Board Member**

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*Born 1977. Board member since 2018.*

**Education:** Economics, Mannheim.

**Professional experience:** Co-founder of and several positions within Altigi GmbH (Goodgame Studios). Industrial management assistant at Hermes. Freelance programmer and administrator.

**Other current assignments:** Managing director of Laureus Capital GmbH.

#### **Ulrika Viklund, Board Member**

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*Born 1981. Board member since 2017.*

**Education:** B Sc, Mittuniversitetet, Amsterdam University of Applied Sciences, Systems Development and Project Management.

**Professional experience:** Co-Founder and CEO of House Be. Co-Founder of Spira Globalt. General Manager Magine Consumer Group Global. CEO "Plejmo". Spotify, Director International Growth.

**Other current assignments:** Board member of God El i Sverige AB, Idea2Innovation Sweden AB, Spira Globalt AB, House Be i Åre AB, E14 Invest AB and Adgie Consulting AB. Board member Magine Sweden AB.

## **Senior Management of the Group**

#### **Jörgen Larsson, CEO**

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*Born 1964. CEO since October 2015.*

**Education and work experience:** Master of Science in Industrial Engineering from Linköpings Tekniska Högskola and additional studies in physics and philosophy at Uppsala University. CEO of Stillfront Group since October 2015. Before being formally engaged as CEO, Jörgen Larsson performed work for Stillfront on a consultancy basis.

**Other current positions:** Board member and Managing Director of Mind Improvement Group Scandinavia AB. Board member of Idecap AB, Sontagh & Larsson Investment Strategy AB, Coldwood Interactive AB, Stillfront Online Games AB and Power Challenge. Deputy member of 4P Business Consulting AB and Sandhammaren Utveckling AB.

#### **Sten Wranne, CFO**

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*Born 1961. CFO in company since 2010, full time since September 2015.*

**Education and work experience:** Master of Science in Engineering Physics from Chalmers University of Technology. Sten has previously been working as CFO for DigiDoc AB, Adcore AB and Connecta AB. Sten also has been Managing Director and partner of venture capital firm Deseven Capital AB. Sten has extensive experience as a strategy and management consultant, as well as various management-for-hire assignments. He has also been in the leadership team for a number of consulting firms, including Connecta AB and Accenture.

**Other current positions:** Board member of Power Challenge Holding Ltd, Power Challenge AB, Black Ocean Development Aktiebolag, Black Ocean Invest Aktiebolag, Deseven International Aktiebolag, Influence Consulting Group AB, F2NS Holding AB and D702 Invest AB. Deputy board member of Influence AB. Deputy board member and Managing Director of Deseven Capital Aktiebolag.

#### **Sofia Wretman, IR and Communications Director**

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*Born 1977. IR and Communications Director since October 2018.*

**Education and work experience:** Master of Political Science and Economics from University of Stockholm. Sofia has previously been working as Senior Consultant for Hallvarsson & Halvarsson and as Global Head of Communications and Investor Relations at Alimak Hek Group.

**Other current positions:** None.

### **Conflicts of Interest within Administrative, Management and Control Bodies**

Other than as set out below, there are no conflicts of interest between the duties of the board members or senior executives in respect of the Company and their private interests or other commitments.

Several members of the Board have certain financial interests in the Company as a consequence of the holdings, direct or indirect, of shares in the Company. While the Company recognises the potential conflicts, the Company does not believe that such appointments constitute an actual conflict of interest between such persons' duties to the Company.

### **Corporate Governance**

The Company's corporate governance is governed by Swedish legislation and regulations such as the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)), the Swedish Accounting Act (Sw. Bokföringslagen (1999:1078)) and the Swedish Annual Reports Act (Sw. årsredovisningslagen (1995:1554)). The Company applies the First North Rulebook. The Swedish Corporate Governance Code (the "Code") is mandatory to NASDAQ First North Premier, thus the Company is obligated to apply and to be in compliance with the Code. The corporate governance is exercised, inter alia, through the general meeting, the Board and the Managing Director. The Company's auditor, who is appointed by the annual general meeting, supervises the Company's accounts and the management of the Company by the Board and the Managing Director.

### **General meeting of the Shareholders**

The shareholders' of the Company exercise their voting rights at the general meetings. The majority requirements in the Swedish Companies Act apply to the decision-making of the general meeting. Notice of a general meeting shall be given through an announcement in the Swedish Official Gazette and by way of being published on the Company's website. Simultaneously, through advertisement in the Swedish newspaper Svenska Dagbladet, information shall be provided that notice has been issued. To be entitled to participate in a general meeting, shareholders shall, firstly, be registered in the transcript or other list reflecting the entire share register regarding the shareholdings five business days prior to the meeting and, secondly, notify the Company of their intention to attend the meeting not later than on the day stipulated in the notice convening the general meeting.

### **Board of Directors**

The Board primary responsibility is to safeguard the Company's and the shareholders' interests. The Board is responsible for the Company's organisation and the management of the Company's affair. The Board is also responsible to ensure that the Group has an appropriate corporate structure in order for the Board to practice its shareholder responsibility in the best possible manner over the subsidiaries and associated companies in the Group. The Board is responsible to ensure that the Company complies with applicable laws and regulations, the articles of association and the Code.

The Board shall regularly assess the Company's and the Group's financial position and ensure that the Company is organised so that the accounting, the management of funds and the Company's finances in general are monitored in a satisfactory manner.

The Board holds meetings four times each year, or when there is otherwise reason to hold a meeting. The Board has adopted rules of procedure to govern its work. Two committees have been appointed: the Audit Committee and the Remuneration Committee. The Board has furthermore adopted instructions for the reporting in the company and instructions for the Managing Director. The Board has furthermore adopted an insider policy and information policy which are applicable to all board members, members of management and employees within the Group.

## **CEO and Executive Management**

The Managing Director is appointed by the Board and shall abide by the instructions adopted by the Board. The Managing Director is responsible for the Company's day-to day management, which includes managing all operational aspects of the Company's business in accordance with the business plan, principles and instructions adopted by the Board. The managing director is furthermore responsible for the preparation and presentation of matters to be addressed by the Board, as well as for the execution of decisions made by the Board. Jörgen Larsson is the Chief Executive Officer of the company and has been employed since October 2015. Before he was appointed as the Managing Director and employed by the Company, he acted as Managing Director on a consultancy basis. In addition to the Managing Director, the Executive Management of the Company consists of the Company's Chief Financial Officer Sten Wranne and the Company's IR and Communications Director Sofia Wretman. Sten Wranne has been employed as the Company's CFO since October 2015. Before his employment, he acted part-time as the CFO on a consultancy basis. On 19 October 2018, the Company announced that Sten Wranne will leave his position as the Company's CFO during the second half of 2019. Sten Wranne will continue in his current position as CFO until the second half of 2019 or until a successor is in place. Sofia Wretman has been employed as IR and Communications Director since October 2018. Goodgame Studios' founders Kai and Christian Wawrzinek will give up their positions of CEO and chief strategy officer, respectively, of the group company in February 2019. They will instead focus on their role as active shareholders of the Company to add value to the Group.

## **Remuneration to the Board of Directors and Management**

Fees and other remuneration for members of the Board, including the Chairman of the board, are resolved upon by the annual general meeting. Remuneration to the Managing Director and management consist of fixed salary, bonus, other benefits and pension. Neither the members of the Board nor the members of the management of the Company are entitled to any benefits following termination of their respective assignments.

## **Committees**

Three committees have been appointed: the Audit Committee, the Remuneration Committee and the Nomination Committee.

### ***Audit Committee***

The Audit Committee shall support the Board in monitoring that the Company and the Group is organised and managed in such a way that its accounts in all material aspects are controlled in a satisfactory manner in accordance with external laws and regulations and internal rules, focusing on the Company's financial reporting and the internal control over such reporting. The audit committee consists of the entire Board.

### ***Remuneration Committee***

The Remuneration Committee's main tasks are to prepare the board's decisions on issues concerning principles for compensations and other terms of employment for the Company's CEO and other executives, monitor and evaluate programs for variable compensation, both ongoing and those that have ended during the year, for the executive management. The remuneration committee consists of Annette Brodin Rampe, Sture Wikman and Alexander Bricca. The remuneration committee fulfils the tasks of a remuneration



committee as set out in the Swedish corporate governance code and the board's instructions to the remuneration committee.

### ***Nomination Committee***

The nomination committee is a shareholders' committee responsible for nominating persons to be appointed to the Board at the annual general meeting. The nomination committee annually evaluates the work of the Board. Further to that, the nomination committee proposes the chair for the annual general meeting, prepares a proposal regarding number and names of members of the Board, including chair of the Board and a proposal for remuneration to the chair and other members of the Board not employed by the Company, as well as a proposal for remuneration for board committee work. Finally the nomination committee proposes an audit company including remuneration for the audit.

The nomination committee shall, prior to the 2019 annual general meeting, be composed of representatives of the three largest shareholders listed in the shareholders' register maintained by Euroclear Sweden AB as of 30 September each year together with the chairman of the Board. The member representing the largest shareholder shall be appointed chairman of the nomination committee. The current nomination committee comprises of Kai Wawrzinek (Laureus Capital), Joachim Spetz (Swedbank Robur Fonder) and Niklas Johansson (Handelsbanken Fonder).

# Historical Financial Information

## Documents Incorporated by Reference

The following documents are incorporated into this Prospectus by reference:

- the following sections of the Group’s annual financial statements for the financial year ended 31 December 2016 (the “**2016 Annual Report**”):
  - consolidated income statement, pages 28-29;
  - consolidated balance sheet, pages 30-31;
  - consolidated statement of changes in equity, page 32;
  - consolidated cash flow statement, page 33;
  - notes, pages 39-69; and
  - the independent auditor’s report, pages 70-72.
- the following sections of the Group’s annual financial statements for the financial year ended 31 December 2017 (the “**2017 Annual Report**” and together with the 2016 Annual Report the “**Annual Reports**”):
  - consolidated income statement, pages 34-35;
  - consolidated balance sheet, pages 36-37;
  - consolidated statement of changes in equity, page 38;
  - consolidated cash flow statement, page 39;
  - notes, pages 45-67; and
  - the independent auditor’s report, page 69-73.
- the following sections of the Group’s interim financial statements for the period 1 January 2018 to 30 September 2018 (the “**2018 Q3 Report**”):
  - consolidated income statement, page 10;
  - consolidated balance sheet, page 11;
  - consolidated statement of shareholders’ equity, page 12;
  - consolidated cash flow statement, page 13; and
  - notes, pages 16-21.

The documents incorporated by reference are to be read as part of this Prospectus. All such reports are available on the Company’s website (<https://www.stillfront.com/investor-relations/financial-reports/>) and can also be obtained from the Company in hard copy. Those sections of the reports referred to above which have not specifically been incorporated by reference are deemed to be either not material for an investor’s assessment of the Group or the Bonds, or are covered elsewhere in this Prospectus.

The Annual Reports have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Corporate Groups, and International Financial Reporting Standards (“**IFRS**”) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union. They have been prepared using the cost method, with the exception of available-for-sale financial

assets, which are recognised at fair value through other comprehensive income, and contingent additional considerations, which are recognised at fair value through the income statement.

The 2018 Q3 Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with IFRS such as adopted by the European Union and the relevant references to Chapter 9 of the Swedish Annual Accounts Act. The Issuer's financial statements are prepared in accordance with RFR 2, Accounting for Legal Entities and the Swedish Annual Accounts Act. IFRS 9 and IFRS 15 are applied by the company from January 1, 2018. Further, the accounting principles applied are consistent with the publication of the 2017 annual report. New standard adopted since 2018 have not had material impact on the financial position.

Other than the auditing of the Annual Reports, the Group's accountants have not audited or reviewed any part of this Prospectus.

## **Factors Affecting Comparability of the Annual Historical Financial Information**

### **Change of Accounting Principles**

The 2016 Annual Report been prepared in accordance with IFRS. The transition from Swedish GAAP to IFRS took place on 1 January 2016 and accordingly the 2016 Annual Report were prepared in accordance with IFRS 1 First-time Adoption of IFRS ("IFRS 1"). The main rule in IFRS 1 requires the entity apply all IFRS standards retrospectively when determining the opening IFRS balance sheet and the comparison years have therefore been fully converted to IFRS. However, certain exemptions from the retrospective application are permitted, while some exemptions from retrospective application is mandatory. No mandatory exception applied to the Group. Of the optional exemptions the Group chose to apply the option not to restate acquisitions of businesses retroactively and to zero the translation differences. This means that the acquisition analyses which were made for business combinations prior to 1 January 2014 are unchanged compared to how they were reported in the most recent annual reports. Explanations of how the transition from previous GAAP to IFRS has affected the Group's financial position and financial results are shown in the 2016 Annual Report.

## **Auditing of the Annual Historical Financial Information**

The auditing of the Annual Reports was conducted in accordance with IFRS and the audit reports submitted were unqualified without other modifications.

At the annual general meeting held on 30 May 2018, MAZARS SET Revisionsbyrå AB was re-elected as the Company's auditor with the intention to re-appoint Michael Olsson as auditor-in-charge to serve until the end of the annual general meeting in 2019, together with Bengt Ekenberg as auditor. Michael Olsson and Bengt Ekenberg are authorized public accounts and members of FAR, the professional body for the accountancy sector in Sweden. MAZARS SET Revisionsbyrå AB has been the Company's auditor, with Michael Olsson as auditor-in-charge, throughout the entire period which the historical financial information in the Prospectus covers. The office address of MAZARS SET Revisionsbyrå AB is Mäster Samuelsgatan 56, SE-111 83 Stockholm, Sweden.

## **Age of the Most Recent Financial Information**

The most recent audited financial information has been taken from the annual report for financial year ended 31 December 2017, which was published on 4 May 2018.

The most recent unaudited financial information has been taken from the 2018 Q3 Report covering the nine month period ended 30 September 2018, which was published on 22 November 2018.

# Other Information

## Clearing and Settlement

The Bonds amount in total to a maximum aggregate nominal amount of SEK 1,000,000,000. The nominal amount of each Note is SEK 1,250,000. The ISIN for the Bonds is SE0011897925. As of the date of this Prospectus, SEK 600,000,000 of the Bonds has been issued.

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

## Representation of the Bondholders

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

## Legal Proceedings and Arbitration Proceedings

Neither the Issuer nor the Group is, or has been over the past twelve months, a party to any legal proceedings or arbitration proceedings that have had or would have a material effect on the Group's financial position or profitability, nor has the Issuer been informed of any claims that could lead to the Issuer or any member of the Group becoming a party to such proceedings.

## No Significant Change in the Issuer's or the Group's Financial or Trading Position and Trend Information

Other than as discussed under "*Recent Events*" on page 57, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 September 2017 and no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2017.

## Material Agreements

Neither the Issuer nor the Group has entered into any material agreements not in the ordinary course of its business and which may affect the Issuer's or the Group's ability to fulfil its obligations under the Bonds.

## Credit Rating

No credit rating has been assigned to the Issuer or its debt securities.

## Documents Available for Inspection

The following documents are available at the Company's head office at Sveavägen 9, 111 57 Stockholm, Sweden, on weekdays during the Company's regular office hours throughout the period of validity of the Prospectus:

- the Company's articles of association;
- the Group's consolidated audited annual report and audit report for 2016 and 2017;
- the Group's consolidated unaudited interim report for the nine month period ended 30 September 2018;
- the Prospectus; and
- approval decision by the Swedish Financial Supervisory Authority for the Prospectus.

## Certain Material Interests

Carnegie Investment Bank AB (publ), Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ) (the "**Joint Bookrunners**") have engaged in, and may in future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Joint Bookrunners having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## Listing Costs

The estimated costs of listing are expected not to be in excess of SEK 73,000.

# Addresses

## ISSUER

**Stillfront Group AB (publ)**  
Sveavägen 9  
SE-111 57 Stockholm  
Sweden

## JOINT BOOKRUNNERS

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**Skandinaviska Enskilda Banken AB  
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## ISSUING AGENT

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## AGENT

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## CENTRAL SECURITIES DEPOSITORY

**Euroclear Sweden AB**  
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## LEGAL COUNSEL

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*(to the Issuer)*  
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