



Qred Holding AB (publ)

relating to the listing of

EUR 40,000,000 Senior Secured Floating Rate Bonds due 2022

ISIN: SE0012507267

Sole Bookrunner

Pareto Securities

Prospectus dated 17 April 2020 and valid until 17 April 2021

IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by Qred Holding AB (publ) (the "**Issuer**", or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**" or "**Qred**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address, Tulegatan 15, 113 53 Stockholm, with reg. no. 559031-0685, in relation to the application for the listing of the senior secured floating rate bonds denominated in EUR (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). Pareto Securities AB has acted as sole bookrunner and lead manager in connection with the issue of the Bonds (the "**Sole Bookrunner**"). This Prospectus has been prepared in accordance with the standards and requirements of Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council (the "**Regulation**") and the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 and repealing Commission Regulation (EC) No 809/2004.

The Prospectus has been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") as the competent authority under the Regulation. The SFA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the bonds that are subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (fi.se) and the Issuer's website (qred.com).

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 38 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**EUR**" and "**Euro**" refer to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, and references to "**SEK**" refer to Swedish krona.

Investing in bonds is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Bonds, (ii) the merits and risks of investing in the Bonds, and (iii) the information contained or incorporated by reference in the Prospectus or any supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in the Bonds and the impact that such investment will have on the investor's overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- (d) understand thoroughly the Terms and Conditions and the other Finance Documents and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

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

The offering is not made to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Italian Republic, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S person), or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

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

Interest payable on the Bonds will be calculated by reference to EURIBOR. As at the date of this Prospectus, only the administrator of EURIBOR - the European Money Markets Institute (the "**EMMI**") - appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (the "**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**").

This Prospectus shall be read together with all documents that are incorporated by reference, see subsection "**Documents incorporated by reference**" under section "**Other information**" below, and possible supplements to this Prospectus.

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RISK FACTORS

Risk factors deemed to be of importance for the Group's business, future development and ability to meet its obligations under the terms and conditions of the Bonds (the "Terms and Conditions") and risks relating to the Bonds are described below. The risk factors presented below are categorised as "RISKS RELATING TO THE GROUP" or "RISKS RELATING TO THE BONDS" on the basis of whether they pertain to the Group or to the Bonds. The risk factors categorised as "RISKS RELATING TO THE GROUP", are categorised as risk factors pertaining to the Group and not as risk factors pertaining to the Issuer, as the major part of the business operations in the Group are conducted by the Issuer's subsidiaries. The materiality of the risk factors are disclosed by the use of a qualitative ordinal scale of low, medium or high. The assessment of the materiality of the risk factors have been based on the probability of their occurrence and the expected magnitude of their negative impact.

RISKS RELATING TO THE GROUP

Risks relating to general operations

High level risk

Risks relating to Covid-19 pandemic

The pandemic spread of the Covid-19 virus during 2020 has, as at the date of this Prospectus, had a significant adverse impact on the economy in the markets in which the Group operates, and is projected to have a continued significant adverse effect on the respective market outlooks at least for the ensuing months after the date of this Prospectus. As at the date of this Prospectus, there is significant uncertainty regarding the duration and severity of the economic repercussions of the pandemic. Such repercussions will be pervasive across a large number of industries, and are not limited to the Group. Potential investors should have regard to the overarching heightened risk of investment in the Bonds due to the pandemic when reviewing this Prospectus. Specifically regarding the Group, the Issuer has identified the following risk factors that are particular to the Group's operations and that will or may be heightened by the Covid-19 pandemic: (i) lower recoveries on defaulted loans due to deteriorating repayment ability of customers and/or less beneficial agreements with collection partners, (ii) availability and cost of capital, and ability to refinance, (iii) interruptions to, or terminations of, strategic partnership agreements, (iv) adverse currency conversion fluctuations and (v) preference shareholders seeking redemption of preference shares in large numbers.

High level risk

Risk regarding availability of capital

Availability of capital is an important risk with regard to business growth potential as the core operations of the Group is lending. Correspondingly, costs and lending may be reduced if sufficient capital is not available. Also, there is a risk that the Group becomes unable to fulfil its commitments or that it becomes able to fulfil its commitments only by borrowing cash and cash equivalents at a significantly higher cost, due to insufficient cash and cash equivalents currently held. The realisation of any of the aforementioned risks could have a material adverse effect on the Group's financial position and results of operations.

High level risk

Key personnel and insufficient restrictive covenants

The Group is dependent upon certain key employees, noting the founders, senior management and specialists, that have developed the current efficient day-to-day operations and crucial IT systems within the Group. There is a risk that key personnel will leave the Group in the future, or that they will take up employment with a competing business, which could have a negative effect on the Group's operations which in turn could have a negative effect on the Group's earnings and financial position. There is furthermore a risk that the Group will not be able to recruit new, qualified personnel to necessary or desired extent.

There is also a risk that the Group may not have sufficient protection against the key individuals soliciting the Group's clients and employees after termination of employment. Also, the protection against leavers providing confidential information to third parties and participating in competing activities may be ineffective due to the lack of a penalty clause in case a breach of the confidentiality or non-compete clauses would occur, which would negatively affect the Group's business as such information could be used to the Group's disadvantage, ultimately affecting the Group's earnings and financial result negatively.

Medium level risk

Risks relating to business expansion

From time to time, the Group may evaluate potential expansion of its business or acquisitions that are in line with the Group's strategic objectives. In 2018 the Group established operations in the Netherlands and during 2019 the Group set up a joint venture in Brazil. During 2019, the Group also expanded into factoring through the Issuer's majority owned subsidiary, Qred Factoring AB. Expansions may present certain financial, managerial and operational risks, including diversion of management's attention from existing core business, challenges when integrating or separating new businesses from existing operations and challenges presented by investments which may not achieve sales levels and profitability that justify the resources spent. Expansion could also result in dilutive issuances of the Group's equity securities, the incurrence of debt, contingent liabilities, amortization, costs, impairment of goodwill or restructuring charges, any of which could have an adverse effect on the Group's business, earnings and/or financial position.

Medium level risk

Operational risks

The Group's business is highly dependent on its IT platform, through which new customers are sourced and the credits are mediated and handled, and through which a large number of transactions must be processed efficiently and accurately. The Group's ability to develop and maintain its operations and the IT platform, to comply with applicable regulations and to provide high-quality customer service in the future depends on the success of its business continuity planning, the uninterrupted and efficient operations of its information and communication systems, and the successful development and implementation of new systems.

Operational risk arises from human errors and system faults, insufficient or defective internal procedures or systematic internal fraud prevention as well as external events. Operational risk also includes risk pertaining to reputation and strategy as well as legal risk. There is a risk that deficiencies or errors in internal processes and control routines, human errors, or external events that affect operations occur. Such errors could lead to large implications for the Group, as the Group conducts business in a highly regulated environment. This could result in a material adverse effect on the Group's financial position, business and products and services it offers and/or its assets.

Medium level risk

Risks related to IT infrastructure and intellectual property rights

The Group depends on information technology to manage critical business processes, including the running of its lending platform, as well as administrative functions. Extensive downtime of network servers, IT attacks or other disruptions or failure of information technology systems may occur and could have a material adverse effect on the Group's operations and could cause transaction errors and loss of customers. Some functions of the Group's IT platform are developed in-house and are also dependent on services from external providers and licenses from third parties. The Group is dependent on material external providers and if it or another service provider terminates their cooperation or license arrangements with the Group, this could have an adverse effect on the Group's business, ultimately affecting its earnings and/or financial position negatively.

There is a risk that competitors or other third parties could (lawfully or unlawfully) seek to use or infringe the Group's intellectual property rights and the Group's platform. There is also a risk that a third party could assert, and acquire, better rights to intellectual property rights used by the Group. Such actions could result in claims for damages or claims to cease using these rights being brought against the Group. Should the claims be successful, they could have an adverse effect on the Group's ability to conduct its businesses as it currently does and plans to do in the future. A successful claim against the Group would result in a short term non-recurrent cost affecting the Group's financial position and results of operations. A part from that a successful claim could force the company to make changes to its business affecting its long-term prospects of generating revenue.

Medium level risk

Competition

The Group currently has a large number of competitors involved in lending within the same segment that the Group offers its services and products. There is a risk that existing and new competitors on the market will grow stronger and that an increase in competition will lead to increased costs with regards to seeking out new customers, as well as retaining current customers. The Group's competitors consist of both large, well-established, financially strong companies and smaller niche companies like the Group itself. There is a risk that some of the competitors have, or will develop, competitive advantages over the Group, such as the ability to offer a wider range of services to customers, a higher degree of specialisation, the ability to adjust prices and interest rates based on demand, or a larger local focus, and more substantial financial, marketing and other resources than the Group currently has. Furthermore, any increase in the volume of financial regulations could lead to increased costs for regulatory compliance which in turn could result in greater consolidation of the industry. The Group's possibility to compete also depends upon the Group's ability to anticipate future market changes and trends and to rapidly react on existing and future market needs. If the Group fails to meet the competition from new and existing companies or fails to react to market changes or trends, there is a risk that this will have an adverse effect on the Group's ability to keep market shares and grow within its segment, ultimately affecting the Group's earnings and financial position.

Risks related to lending operations

High level risk

Risks relating to fraudulent behavior by the Group's customers

Due to the nature of the Group's business, it is exposed to the risk of fraudulent behaviour from new and existing customers. Such risk can materialize following, amongst other things, identity thefts or

the illegal interception of data. Fraudulent behaviour could result in credit losses for the Group and the Issuer that will negatively impact their operations and financial condition.

Medium level risk

Risks related to the Group's business model and credit scoring process

The Group rely on a credit scoring model and there is a risk that the Group is unable to correctly evaluate the current financial condition of each prospective customer and determine its creditworthiness. The Group's lending decisions are based partly on information provided to the Group by loan applicants. Prospective customers may fraudulently provide the Group with inaccurate information upon which, if not alerted to the fraud, the Group will base their credit scoring. Any failure to correctly assess the credit risk of potential customers, due to failure in the Group's evaluation of the customer or incorrect information fraudulently provided by the customer will have an adverse effect on the Group's business. If failures to assess creditworthiness should be systemic, such failures would have a material negative effect on the Group's financial position and earnings, whereas single cases of fraudulent behaviour would not materially affect the Group's earnings or results of operations.

Medium level risk

Risk relating to agreements with debt collectors and partners

The Group is collaborating with and is dependent on agreements with debt collectors and/or partners to sell off debt in connection with the Group's lending. The Group uses a model for depreciation that contains three categories. Category one contains functioning credits, category two contains credits where the credit risk has increased substantially since the first accounting date and category three contains credits which are in default. The Group has during the financial year ended 31 December 2018 sold debt from all three categories to debt purchasing companies. The extent to which the Group is affected by credit losses depends on its ability to sell its receivables on appropriate terms. Furthermore, the agreements entered into by the Group with debt collectors and partners have caps on how much debt that can be sold off and the agreements may be terminated with short notice. If the Group is unable to sell off debt, or renegotiate caps, on appropriate terms or if such agreements are terminated, it will have a material adverse effect on the Group's, earnings and financial position.

Medium level risk

Risks related to mediated loans

The Group takes on credit risks on the loans which are mediated to Nordiska Kreditmarknadsaktiebolaget (publ) or other financial institutions, meaning that the commission fee for mediate such loan is depending on the actual credit losses incurred from such mediated loans. Hence, even if the loans are issued by a third party, the credit risk associated with the loans to a large extent remain with the Group. If such credit risk materialises, it will have an adverse effect on the Group's, results of operation and financial position.

Medium level risk

Dependency on loan brokers

Part of the Group's new customers are directed to it from external third party sources, primarily loan brokers or providers of interest rate comparison services. The Group's agreements with the loan brokers may be terminated on short notice. Should several such external parties, for any reason, cease

to cooperate with the Group, it would substantially affect the inflow of new customers to the Group resulting in a material adverse effect on the Group's earnings and results of operations.

Medium level risk

Risks related to marketing

The Group's acquisition marketing for new customers and the Group's relationship management with respect to returning customers are partly dependent on search engines, such as Google and others, and social media platforms such as Facebook, directing a significant amount of traffic to the Group's websites via organic ranking, paid search advertising and advertisements on marketing affiliates websites. There is a risk that e.g. Google or Facebook terminate the agreements entered into with the Group or that Google or Facebook introduce new policies or other limitations which risk adversely affecting the Group's marketing. Further, there is a risk that increased competition in the market will increase advertisement for the Group which will lead to an adverse effect on the Group's, earnings or results of operations as the Group will have to make greater investments in marketing to retain a *status quo* influx of customers. The marketing activities may not produce the results that the Group desire and there could be a decline in the Group's ability to attract new customers or retain existing customers which risk leading to a slowdown in the growth of the Group's customer base as well as higher costs for acquiring returning customers which will lead to a negative effect on the Group's earnings or results of operations.

Risks related to non-compliance

High level risk

Regulatory risk

The Group's core business, being the provision of corporate loans to small and medium-sized companies, is not of itself a regulated activity subject to a licence requirement under Swedish law. However, the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "SFSA") has informed the Issuer that it is investigating specifically whether obtaining financing through bonds listed on a regulated market in Sweden, in combination with the provision of corporate loans, should be viewed as a regulated activity subject to a licence requirement within the meaning of Swedish law (1 kap. 4 § lagen (2004:297) om bank- och finansieringsrörelse). If the SFSA were to conclude that that is the correct interpretation, and the Issuer has proceeded to list the Bonds on a regulated market in Sweden, this in turn would mean that the Group's operations are subject to a licence requirement that the Group does not possess.

The SFSA has stated that it is not clear what the consequences would be if it were to make such an interpretation, but that it has powers to require the Group so cease such operations. Depending on the nature and scope of eventual requirements that could potentially be imposed by the SFSA, the Issuer envisages that it could mean that it may (i) not be able to issue subsequent Bonds, or (ii) be unable to maintain the listing of the Bonds on a regulated market in Sweden, or, hypothetically (iii) be required to cease other parts of the Group's core business. Scenario (i), if materialised, would limit the Issuer's financing options. For further information in this regard, please refer to the risk factor entitled Refinancing risk. Scenario (ii), if materialised, would amount to a Listing Event Failure under the terms and conditions of the Bonds, whereby bondholders have the option to require the Issuer to redeem outstanding Bonds (put option). It is possible that the Issuer will not have sufficient funds at the time of Listing Event Failure to carry out the redemption of Bonds. Scenario (iii), if materialised and depending on the requirements that the SFSA imposes, could have a material adverse effect on the Group's ability to continue operations as previously and consequently its profitability and financial result, and ultimately affect the ability of the Group to repay the Bonds in full upon maturity.

Furthermore, the Group is operating under the assumption that its operations are currently not subject to a license requirement since the Group only provides loans to small and medium sized companies and no such requirement has been expressed by Swedish law. However, the SFSA has informed the Issuer that it is investigating whether the Group's operations would require a license. Furthermore, the Group's business is subject to certain legislation and rules. If the Group in the future would apply for financial licenses or permits this would increase the level of regulation applicable to the Group's operations. Further, if new regulations would be imposed in the future to protect small business when borrowing funds there is a risk that it will have an adverse effect on the Group's ability to conduct its business in its current form, ultimately affecting its results of operations and prospects.

Further, a volatile economic environment has resulted in greater focus on regulation, and in particular, there has been an increase in the level of scrutiny placed upon lenders in the non-traditional credit market. In addition, ongoing regulatory changes are influenced by consumer protection aspects which may impose stricter obligations on the Group, even though the Group only offers credits to legal entities. Modifications to existing legislation, regulation, guidance, codes of conduct, government policies and/or their respective interpretations and/or new legislative and/or regulatory initiatives may affect the industry and markets in which the Group operate. The Group's financial performance could be negatively and adversely affected should unforeseen events relating to regulatory risks arise in the future in relation to, for example, the Group's current product range and activities, the sales and pricing of its products, its profitability, solvency and capital requirements and such events could also give rise to increased costs of compliance.

High level risk

Lending operations financed by bonds

At the date of this Prospectus, the SFSA has informed the Issuer that it is conducting a review of whether companies that are providing lending, to persons and entities, and which operations are financed, partially or wholly, by bonds should be required to possess credit-institution authorisation (Sw. *Kreditmarknadsbolag*). Specifically, the SFSA may consider bonds that are to be listed, or already are listed, fall within this requirement because of the potential secondary market for such bonds.

The Issuer is partially financed by bonds and contemplates to proceed to have the bonds admitted to trading on a regulated market. Further, the Issuer does not have credit-institution authorisation. If the SFSA review should conclude that the Issuer's operations do require credit-institution authorisation following the contemplated listing of the Bonds, the SFSA could prohibit the Issuer from providing its services and halt its operations, in respect of the issuance of bonds or, potentially, also in other respects. This would have a significantly material adverse effect on how the Group finances its operations and conducts its business. Please refer to the risk factor Regulatory risk above for further information in this regard.

High level risk

Anti-money laundry

The Group is subject to anti-money laundering laws and related compliance obligations. The Group has an anti-money laundering policy and procedures in place for the Group which the Group apply in all countries of operation. However, the anti-money laundering policy and procedures may not prevent all possible breaches of law. If the Group is not in compliance with relevant anti-money

laundrying laws, the Group may be subject to criminal and civil penalties and other remedial measures. Any penalties, remedial measures or investigations into any potential violations of anti-money laundering laws could harm the Group's reputation and will have a material adverse effect on the Group's business, results of operations and prospects.

High level risk

Data protection

The Group registers, stores, uses and otherwise processes personal data in the course of its business, mainly by way of the lending platform it uses to process loan applications. The personal data is collected from the data subjects and from external sources. The Group has a Data Protection policy in place that describes how personal data is processed. Non-compliance with applicable data protection legislation could result in fines and other sanctions, which may have an adverse effect on the Group's business, earnings or financial position.

In May 2018 a new General Data Protection Regulation ("**GDPR**") issued by the EU entered into force. Data processing in breach of the GDPR could result in fines amounting to a maximum of EUR 20,000,000 or 4 per cent. of the Group's global turnover. If the Group fails to comply with GDPR there is a risk that this would have an adverse effect on the Group's business if changes to it would need to be made. Such fines would also affect the Group's earnings and result of operation.

Financial risks

Medium level risk

Borrowing by the Group and interest risk

The Group has incurred, and may incur further financial indebtedness to finance its business operations. The Group's total equity and liabilities, as per the Group's unaudited consolidated quarterly financial statements for the period ending 31 December 2019, are in an approximate amount of SEK 684,000,000 and the bond represents approximately SEK 410,000,000 of the liabilities. Such financing may generate interest costs which may be higher than the gains produced by the investments made by the Group. Borrowing money to make investments will increase the Group's exposure to the loss of capital and higher interest expenses. Further, the Group is exposed to changes in interest rates through its financing agreements that carry floating rates of interest. The interest rates are affected by a number of factors, including but not limited to the interest rate policies of governments and central banks.

The Group's consolidated annual financial statements for the year ended 31 December 2018 contains a sensitivity analysis on interest rate risk. The sensitivity analysis estimates that if the Group's borrowing costs for financing its operations would have been increased by two percentage points during 2018, with all other variables unaltered, the profit after taxes for the financial year ended 31 December 2018 would have been approximately SEK 1,293,000 lower as a result of increased interest costs. There is a risk that an increase in interest rates would entail an increase in the Group's interest obligations, which would have an adverse effect on the Group's financial position, earnings and results.

Medium level risk

Credit risks

Credit risk is a principal risk in the business of the Group. There is a risk that some customers will not be able to repay their credit and/or various fees payable in full and on time due to variation in the customer's payment ability. The Group's consolidated annual financial statements for the year ended 31 December 2018 contains a sensitivity analysis on default risk and credit loss in case of defaults. The sensitivity analysis estimates that in case of an increase of default risk by ten per cent. and increased credit loss due to defaults by five per cent. would have increased the necessary reservations for future credit losses to be made by approximately SEK 3,356,000.

A certain amount of delinquencies and impairments are anticipated. The Group is exposed to risks associated with the uncontrolled deterioration in the credit quality of its customers which may be driven by, for example, socio-economic or customer-specific factors linked to financial performance. Further, there is a risk that changes in the loan portfolio, such as changes in the risk level, loan amounts, terms and pricing will result in increased credit risk for the Group.

In connection with some loan agreements entered into by the Group with a borrower, an individual is required to provide a guarantee for the obligations of the borrower in favour of the Group. The guarantor agrees to irrevocably and unconditionally, jointly and severally, as principal obligor (Sw. *proprieborgen*) guarantee the punctual performance of the borrower's obligations under the loan agreement. The Group is in this respect exposed to the risk that the validity of the guarantee may be disputed and may be proven ineffective from case to case, or that the guarantor will not be able to fulfil its obligation under the guarantee or that the guarantee will not be sufficient to cover all amounts outstanding under the loan. Declining credit quality and increased impairment levels impact profitability and will have an adverse effect on the Group's financial position and results of operations.

Medium level risk

Liquidity and funding risk

Liquidity risk materialises when the cash outflows occur before cash flows into operations. Liquidity risk is managed through raising funds to match the differences in cash outflows and inflows. The Group operates in a capital-intensive business sector and loans provided to customers are paid out, electronically, in available liquid funds. This requires liquidity management and that the Group has the cash available prior to a loan being granted. There is also a risk that the Group cannot access sufficient capital to meet outgoing cash flow to customers or to meet other obligations that demand liquidity.

The Group's operations and origination of loans is mainly funded through its issued Bonds and equity investors. The risks in the supply of liquidity consist primarily of the risk of the Group not, at all or in part, being able to refinance its capital needs or refinance its capital needs on favourable terms. Reduced availability of funding may result from price competition or negative rumours about the Group, other credit companies or the financial system in general.

The Group has in the past issued preference shares, and continues to do so as part of its strategy to manage its liquidity. There is a risk that owners of preference shares call for redemption at the same time, which risk having an adverse effect on the Group's liquidity. The Group's consolidated annual financial statements for the year ended 31 December 2018 contains a sensitivity analysis on liquidity and refinancing risk. The sensitivity analysis notes that holders of preference shares may request redemption of the shares and that the board of directors decides upon the matter of redemption. In case all holders of preference shares were to seek redemption and the board would approve such redemption as per 31 December 2018, this would entail a negative cash flow for the Group of approximately SEK 68,400,000. Furthermore, there is no guarantee that the Group will be able to attract new investors for its preference shares program in order to manage its liquidity and failure to do so risk adversely affect the Group's liquidity. Failure by the Group to acquire sufficient funding risk

having a material adverse effect on the Group's operations and on the ability of the Group to extend loans, which in turn could affect the Issuer's ability to fulfil its obligations under the Bonds.

Medium level risk

Exchange rate fluctuations

Currency exchange rate risk materializes upon fluctuations in one currency when compared to another. The Group is exposed to currency exchange rate risk as part of its operations, with subsidiaries conducting business in other currencies than SEK (i.e. EUR and DKK). The currency exchange rate of these currencies affect the Group's consolidated balance sheet. The Group has a large exposure towards EUR / DKK as receivables in EUR / DKK exceeds liabilities in EUR / DKK. The Group's currency exchange rate risk is not covered by any hedging arrangement. Any decrease or increase in the SEK exchange will affect the Group's financial position in relation to loans granted in other currencies than SEK. The Group's consolidated annual financial statements for the year ended 31 December 2018 contains a sensitivity analysis on exchange rate risk in respect of EUR. The sensitivity analysis estimates that an increase of the value of SEK versus EUR of ten per cent., with all other variables unaltered, would have lowered the total profit of the Group by approximately SEK 3,598,000 as an effect of increased losses due to exchange rate fluctuations. Exchange rates may fluctuate substantially, which could materially and adversely affect the Group's financial condition and financial returns.

Low level risk

Refinancing risk

The Group will eventually be required to refinance certain or all of its outstanding debt, including the Bonds and the Existing Debt. The Group's ability to successfully refinance its debts is dependent on the conditions of the debt capital markets and its financial condition at such time. Even if the debt capital markets improve, the Group's access to financing sources may not be available on favourable terms, or at all. The Issuer must raise new finance at the maturity of the Bonds to be able to repay the Bonds in full. The Group's and the Issuer's inability to refinance its debt obligations on favourable terms, or at all, would have a material adverse effect on the Group's ability to repay Bondholders in full.

Risks related to internal management

High level risk

Risks relating to corporate governance and internal procedures

The Group has grown rapidly the last few years and management has made an effort to get/keep corporate governance regimes and policies in place. Given the rapid growth of the Group, there is a risk that the Group lacks corporate governance regimes and policies to keep its current pace of development. This could hinder the Group's future earnings, financial position and results of operations.

RISKS RELATING TO THE BONDS

Risks related to the nature of the Bonds

Medium level risk

Credit risks relating to the bonds

Investors in the Bonds carry a credit risk towards the Group. The investor's ability to receive payment under the Bonds is therefore dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors of which some have been mentioned in the above category "Risks relating to the Group". If the Issuer were to be unable to make repayment under the Bonds, there is a risk that the bondholders would find it difficult or impossible to recover the amounts owed to them under the Bonds.

There is a risk that an increased credit risk will cause the market to charge the Bonds a higher risk premium, which will affect the Bonds' value negatively. Another aspect of the credit risk is that there is a risk that a deteriorating financial position of the Group will reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds.

Medium level risk

Majority owner

The Group is currently majority controlled by one principal indirect shareholder, Emil Sunvisson who indirectly controls 64,5 per cent. of the Issuer's ordinary shares and whose interests may conflict with the bondholders', particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. The Group contemplates to issue additional shares which could have an effect on the control of the Group.

Following any potential change of control in the Issuer, the Issuer may be controlled by majority shareholder whose interest may conflict with those of the bondholders, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. A majority shareholder has legal power to control a large amount of the matters to be decided by vote at a shareholder's meeting. For example, a majority shareholder will have the ability to elect the board of directors. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have a material negative impact on the Group's operations, earnings and financial position. According to the Terms and Conditions, if a change of control event occurs, the bondholders have however a right of prepayment of the Bonds (put option). There is thus a risk that the Issuer does not have enough liquidity to repurchase the Bonds if the bondholders use its right of prepayment, see further under Section "Put options" below.

Medium level risk

Put options

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put options). There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect

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

Medium level risk

Risks related to early redemption

Under the Terms and Conditions for 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 holders of the Bonds have the right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions for the Bonds. It is possible that the Issuer will not have sufficient funds at the time of the mandatory prepayment to carry out the required redemption of Bonds.

Medium level risk

Benchmark Regulation

Interest payable on the Bonds is calculated by reference to EURIBOR. The process for determining EURIBOR and other interest-rate benchmarks is 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 could potentially have negative effects for the Bondholders.

Risks related to security and guarantees

Low level risk

Risks relating to the Transaction Security and enforcement of the Transaction Security

The Issuer's obligations towards the bondholders under the Bonds are secured by a first priority pledge over the shares in certain Group companies, a first priority security over certain intragroup loans provided between members of the Group and a first priority security over a bank account. The enforceability of the Transaction Security (as defined below under the section "The Bonds in Brief") may be subject to uncertainty. The Transaction Security may be unenforceable if (or to the extent), the granting of the security would contravene mandatory applicable legislation including financial assistance or corporate benefit restrictions (guarantees and security granted in favour of third parties that have an adverse effect on the Issuer's balance sheet and do not have sufficient corporate benefit may be limited in value by operation of law). Furthermore, the Transaction Security may be limited in

value, inter alia, to avoid a breach of mandatory applicable legislation (including corporate benefit and financial assistance restrictions).

The bondholders are represented by Nordic Trustee & Agency AB (publ) as security agent (the "**Security Agent**") in all matters relating to the Transaction Security. The Transaction Security may not be perfected, *inter alia*, if the Security Agent or the relevant security provider is not able to or does not take the actions necessary to perfect or maintain the perfection of any such security. Such failure may result in the invalidity of the relevant Transaction Security or adversely affect the priority of such security interest, including a bankruptcy receiver in bankruptcy and other creditors who claim a security interest in the assets subject to the Transaction Security.

Low level risk

Risks relating to the guarantee

The Issuer's obligations towards the bondholders under the Bonds are guaranteed by the Issuer's wholly-owned subsidiary Qred AB (formerly Qred Företagslån AB) under the Guarantee and Adherence Agreement. Qred AB has separate branches in Finland, the Netherlands, Denmark and Latvia. A branch in Finland is not considered a separate legal entity and a guarantee provided by Qred AB will therefore cover its Finnish branch. No confirmations have been obtained by local lawyers to confirm if the same applies to the branches in the other jurisdictions. Hence, there is a risk that the guarantee provided by Qred AB will not cover the branches in the Netherlands, Denmark and Latvia if, according to local law, the branches are considered separate legal entities. There is therefore a risk that the guarantee provided by Qred AB will not be sufficient to guarantee all obligations towards the bondholders.

Low level risk

Security over assets granted to third parties

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

Low level risk

Corporate benefit limitations in providing security to the bondholders

If a limited liability company provides security for another party's obligations without deriving sufficient corporate benefit therefrom, the granting of security will require the consent of all shareholders of the grantor and will only be valid up to the amount the company could have distributed as dividend to its shareholders at the time the security was provided. If no corporate benefit is derived from the security provided, the security will be limited in validity. Consequently, any security granted by a subsidiary of the Issuer could therefore be limited which would have an adverse effect on the bondholders' security position. At the date of this prospectus, a subsidiary of the Issuer, Qred AB, has provided security for the obligations of the Issuer under the Terms and Conditions. Although a part of the bond proceeds was used to refinance Qred AB's existing debt and for its general corporate purposes, any part of the security provided by it for bond proceeds which are not to its benefit may be challenged as mentioned above. Also, any future security to be provided by any other subsidiary of the Issuer may be challenged in the same way.

Risks related to the financial standing of the Group

Medium level risk

Ability to service debt

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

If the Issuer is unable to make payments under the Bonds and a court would render a judgment that the Transaction Security granted in respect of the Bonds was unenforceable, the Bondholders may find it difficult or impossible to recover the amounts owed to them under the Bonds. Therefore, there is a risk that the Transaction Security granted in respect of the Bonds might be void or ineffective. In addition, any enforcement may be delayed due to any inability to sell the assets subject to the Transaction Security.

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

The value of any intra-group loan granted by the Issuer to any subsidiary, which is subject to security in favour of the bondholders, is largely dependent on such subsidiary's ability to repay its loan. Should such subsidiary be unable to repay its debt obligations upon an enforcement of a pledge over the intra-group loan, the bondholders may not recover the full or any value of the security granted over the intra-group loan.

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

Medium level risk

Subsidiaries, structural subordination and insolvency of subsidiaries

All assets are owned by, and all revenues are generated in, the subsidiaries of the Issuer, with Qred AB representing 82 per cent. of total assets and 100 per cent. of total revenue of the Group. The subsidiaries are legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. The ability of the subsidiaries to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and legal restrictions (e.g. limitations on value transfers).

If the Issuer is not able to receive funds by way of dividends or value transfer from one or more subsidiary, this could affect the Issuer's ability to service its payment obligations under the Bonds which would have a material adverse effect on the Issuer's business, financial position, earnings and result.

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

Risks related to the Security Agent and the Bondholders' representation

Low level risk

No action against the Issuer and bondholders' representation

In accordance with the Terms and Conditions, the Agent (being on the issue date Nordic Trustee & Agency AB (publ)) represents all bondholders in all matters relating to the Bonds. Consequently, there is a risk that the actions, or omission of such, of the Agent in matters relating to the Bonds would impact a bondholder's rights under the Terms and Conditions in a manner that is undesirable for some bondholders, for example if the Agent agrees on waiving a certain provision under the Terms and Conditions which affects a bondholder's rights thereunder.

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 have a negative effect on the legal proceedings as for instance the requisite quorum or majority for taking such legal proceedings may not be obtained.

The Agent may further be replaced by a successor Agent in accordance with the Terms and Conditions. Generally, the successor Agent has the same rights and obligations as the retired Agent. It may be difficult to find a successor Agent with commercially acceptable terms or at all. Further, there is a risk that that the successor Agent would breach its obligations under the Terms and Conditions or that insolvency proceedings would be initiated against it.

Low level risk

Bondholders' meeting

The Terms and Conditions allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently from the required majority at a duly convened and conducted bondholders' meeting. A bondholder may, for instance, be bound by a majority's decision to accept a change of the interest rate, decision to accept a change of the final maturity date or decision to accept a change of the transaction security and/or guarantees. Consequently, there is a risk that the actions of the majority in such matters will impact certain bondholders' rights in a manner that is undesirable for some of the bondholders.

THE BONDS IN BRIEF

The following summary contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, see the Terms and Conditions.

Bonds issued under this Prospectus have EURIBOR plus 8.50 per cent. *per annum* as interest rate. EURIBOR constitutes a benchmark according to the regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). As at the date of this Prospectus, only the administrator of EURIBOR - the European Money Markets Institute (the "**EMMI**") - appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

Issuer	Qred Holding AB (publ).
Bonds Offered	The aggregate amount of the bond loan will be an amount of up to a maximum of EUR 100,000,000. The Issuer may choose not to issue the full amount of Bonds on the First Issue Date and may choose to issue the remaining amount of Bonds at one or more subsequent dates. At the date of this Prospectus, an aggregate amount of Bonds of EUR 40,000,000 had been issued on the First Issue Date.
Number of Bonds	Maximum of 1,000. At the date of this Prospectus 400 Bonds had been issued on the First Issue Date
ISIN	SE0012507267.
First Issue Date	17 June 2019.
Issue Price	100 per cent.
Interest Rates	Interest on the Bonds will be paid at a floating rate of three-month EURIBOR plus 8.50 per cent. <i>per annum</i> .
Use of benchmark	Interest payable on the Bonds will be calculated by reference to EURIBOR. As at the date of this Prospectus, only the administrator of EURIBOR - EMMI - appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.
Interest Payment Dates	17 march, 17 June, 17 September and 17 December of each year commencing on 17 September 2019. Interest will accrue from (but excluding) the First Issue Date.
Nominal Amount	The Bonds will have a nominal amount of EUR 100,000 and the minimum permissible investment in the Bonds is EUR 100,000.

- Status of the Bonds** The Bonds are denominated in EUR and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.
- The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer, and:
- (a) will at all times rank *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer without any preference among them, except those obligations which are mandatorily preferred by law; and
 - (b) are guaranteed by the Guarantor (as defined below).
- Guarantee** The Issuer's obligations under the Bonds are jointly and severally guaranteed (the "**Guarantee**") by Qred AB (the "**Guarantor**").
- See "*Description of Material Agreements – Guarantee and Adherence Agreement*" for further details.
- Ranking of the Guarantee....** The Guarantee of the Guarantor is a general obligation of such Guarantor and ranks *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not subordinated in right of payment to such Guarantee.
- The Guarantee is subject to certain limitations under local law.
- Security** The Bonds, are secured by security interests granted on an equal and rateable first-priority basis over the share capital of Qred AB and other assets of the Group. See the definition of "**Transaction Security**" in Clause 1.1 (*Definitions*) of the Terms and Conditions.
- Call Option.....** The Issuer has the right to redeem outstanding Bonds in full at any time at the applicable Call Option Amount in accordance with Clause 9.3 (*Voluntary Total Redemption*) of the Terms and Conditions.
- Call Option Amount** Call Option Amount means, if the Call Option is exercised:
- (a) any time from and including the First Issue Date to, but excluding, the date Falling 18 months after the First Issue Date an amount per Bond equal to 104.25 per cent. of the Nominal Amount plus the remaining interest payments, calculated in

accordance with Clause 9.3(c) of the Terms and Conditions, up to and including the date falling 18 months after the First Issue Date together with accrued but unpaid Interest;

- (b) any time from and including the date falling 18 months after the First Issue Date to, but excluding, the date falling 21 months after the First Issue Date an amount per Bond equal to 104.25 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- (c) any time from and including the date falling 21 months after the First Issue Date to, but excluding, the date falling 24 months after the First Issue Date an amount per Bond equal to 103.40 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- (d) any time from and including the date falling 24 months after the First Issue Date to, but excluding, the date falling 27 months after the First Issue Date an amount per Bond equal to 102.55 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- (e) any time from and including the date falling 27 months after the First Issue Date to, but excluding, the date falling 30 months after the First Issue Date an amount per Bond equal to 101.70 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- (f) any time from and including the date falling 30 months after the First Issue Date to, but excluding, the Final Maturity Date an amount per Bond equal to 100.85 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- (g) notwithstanding (f) above, provided that the redemption is financed to more than seventy-five (75) per cent. by way of one or several Market Loan issues, at any time from and including the date falling 33 months after the First Issue Date to, but excluding, the Final Maturity Date, an amount per Bond equal to 100 per cent. of the Nominal Amount, together with accrued but unpaid interest.

Final Maturity Date Means 17 June 2022.

Change of Control Event.....

Upon the occurrence of a Change of Control Event or Listing Failure Event, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) days following a notice from the Issuer of the Change of Control Event or Listing Failure Event pursuant to Clause 11.1(f) of the Terms and Conditions (after which time period such rights lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event or Listing Failure Event.

Change of Control Event.....

Means the occurrence of an event or series of events whereby one or more Persons, not being the Main Shareholders (or an Affiliate of the Main Shareholders), acting together, acquire control over the Issuer and where "control" means (a) acquiring or controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove all or a majority of the directors of the board of directors of the Issuer.

Certain Covenants.....

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

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

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

Clause 12 (*Maintenance Covenants*) of the Terms and Conditions contains a maintenance covenant whereby the Issuer shall ensure that at all times:

- (a) the Net Equity Ratio shall not be less than 25.00 per cent.; and

- (b) the Cash standing to the credit of the Pledged Account shall not at any time be less than the amount outstanding under the Existing Debt and the Existing Shareholder Debt.

Use of Proceeds	<p>The proceeds from the Initial Bond Issue shall be used to (i) refinance the Existing Debt, (ii) repay the Existing Shareholder Debt, (iii) finance general corporate purposes of the Group and (iv) finance Transaction Costs.</p> <p>The proceeds from any Subsequent Bond Issue shall be used to (i) finance general corporate purposes of the Group and (ii) finance Transaction Costs.</p>
Transfer Restrictions	<p>The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.</p>
Listing.....	<p>Application to list the Bonds on Nasdaq Stockholm is estimated to be made during May 2020.</p>
Agent.....	<p>Nordic Trustee & Agency AB (publ).</p>
Security Agent	<p>Nordic Trustee & Agency AB (publ).</p>
Issuing Agent	<p>Pareto Securities AB.</p>
Governing Law of the Bonds	<p>Swedish law.</p>
Governing Law of the Guarantee Agreement.....	<p>Swedish law.</p>
Risk Factors.....	<p>Investing in the Bonds involves substantial risks and prospective investors should refer to the section "<i>Risk Factors</i>" for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.</p>

STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 3 May 2019, and was subsequently issued by the Issuer on 17 June 2019. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq Stockholm, in accordance with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council.

This Prospectus has been approved by the Swedish Financial Supervisory Authority, as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council. The Swedish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 of the European Parliament and of the Council. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this prospectus nor of the Issuer that is the subject of this prospectus and investors should make their own assessment as to the suitability of investing in the securities.

After the expiration date of this prospectus, being 17 April 2021, the obligation to provide additional information regarding new material circumstances, factual errors or material inaccuracies in this Prospectus ceases to apply once this Prospectus has expired.

The board of directors of the Company is, to the extent provided by law, responsible for the information set out in this Prospectus and declares that to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

17 April 2020

Qred Holding AB (publ)

The board of directors

DESCRIPTION OF MATERIAL AGREEMENTS

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

Guarantee and Adherence Agreement

The Guarantors and the Issuer have entered into a guarantee agreement with the Security Agent dated 19 June 2019 (the "**Guarantee Agreement**"), pursuant to which the Guarantors have agreed to jointly and severally guarantee the Group's obligations as follows (capitalized terms not otherwise defined shall have the meaning given to them in the Guarantee Agreement):

- (a) Each Guarantor subject to applicable laws, jointly and severally, irrevocably and unconditionally, guarantees, as principal obligor and as for its own debt (Sw. *proprieborgen*), to each Secured Party and their successors and assigns the full and punctual payment and performance of all Guaranteed Obligations, including the payment of principal and interest under the Finance Documents when due, whether at maturity, by acceleration, by redemption or otherwise, and interest on any such obligation which is overdue, and of all other monetary obligations of the Issuer to the Secured Parties under the Finance Documents.
- (b) The Guarantors agree to indemnify each Secured Party against any loss incurred by such Secured Party arising out of the non-payment, invalidity or unenforceability of the Guaranteed Obligations, in each case, all in accordance with the terms of the Finance Documents.
- (c) The Guarantors further agree that the Guaranteed Obligations may be extended or renewed or refinanced, in whole or in part, without notice or further assent from the Guarantors and that the Guarantors will remain bound under this Agreement notwithstanding any extension or renewal or refinancing of any Guaranteed Obligation.

The Guarantees are subject to certain limitations imposed by local law requirements in certain jurisdictions.

The obligations and liabilities of each Guarantor incorporated in Sweden under this Guarantee shall be limited, if (and only if) required by the mandatory provisions of the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)) regulating distribution of assets (Chapter 17, Section 1-4) (or their equivalents from time to time) and it is understood that the liability of the Guarantors under this Guarantee only applies to the extent permitted by the above mentioned provisions of the Swedish Companies Act.

DESCRIPTION OF THE GROUP

History and development of the Issuer

Qred Holding AB (publ) (formerly Qred AB (publ)) was incorporated in Sweden on 19 October 2015, registered with the Swedish Companies Registration Office on the same date and is a Swedish public limited liability company operating under the laws of Sweden with reg. no. 559031-0685. The Company's legal entity identifier (LEI) is: 5493003W3X8TQII0XM14.

The registered office and the headquarters of the Company is Tulegatan 15, 113 53 Stockholm, with telephone number +46 8 474 46 62. The website of the Group is qred.com. The information on the website does not form part of the prospectus unless that information is incorporated by reference into the Prospectus.

In accordance with the articles of association of the Company, adopted on 15 November 2017, the objects of the Company are to own and manage shares in its subsidiaries and in connection therewith related operations.

History and development of the Guarantor

Qred AB (formerly Qred Företagslån AB) was incorporated in Sweden on 3 March 2015, registered with the Swedish Companies Registration Office on the same date and is a Swedish limited liability company operating under the laws of Sweden with reg. no. 559008-9800.

The registered office and the headquarters of the Guarantor is Tulegatan 15, 113 53 Stockholm, with telephone number +46 8 474 46 62. The website of the Group is qred.com. The information on the website does not form part of the prospectus unless that information is incorporated by reference into the Prospectus.

In accordance with the articles of association of the Guarantor, adopted on 5 September 2016, the objects of the Guarantor are to provide financial advice to companies, corporate loans and in connection therewith related operations.

Business and operations

The Issuer is registered with the SFSA as a financial institution. Founded in 2015, Qred has rapidly expanded its operations and the Group, through its branches and joint ventures, conducts business in Sweden, Finland and Denmark and has recently started operations in the Netherland and Brazil. Operating in a multi-jurisdictional rapid growth environment, Qred actively work to establish its corporate governance regimes and policies within its new offices.

The business and operations of Qred revolves around providing small and medium sized enterprises ("SME") with temporary liquidity by offering short term loans. The loans granted by Qred are in an amount of up to a maximum of approximately SEK 1,000,000 (or the equivalent in other currencies) with tenures of normally up three years. It is a segment of lending that has a competitive landscape with multiple competitors offering its services to the same type of customers, with Qred being a challenger on the market since it began its operations.

Qred's offering to its clients is, to a great extent, automated. Loan applications are processed online, through a web application form, using Qred's internal credit scoring model.

As Qred's applications are processed online, its online activities are important. A majority of the web traffic to the Group's websites are generated organically and Qred also markets its services online using, amongst others, google to drive web traffic to its web pages. In addition to receiving loan applications through its web sites, Qred also has partnerships with loan brokers who forward loan applications to Qred for processing. A part of the loans processed by Qred are mediated to Nordiska Kreditmarknadsaktiebolaget (publ) or other financial institutions and for such mediated loans Qred earns a commission fee.

One consequence of offering credit to SME is that not all customers may be able to pay their loans. Qred has internal policies for managing such credits, with the aim to find mutual solutions beneficial for both parties. Mutual solution may not always be achieved and Qred also has collaborations with debt collectors and partners for selling off distressed credits.

Qred also offers factoring services. Factoring means purchase of invoices with or without recourse. Factoring is operated through the subsidiary Qred Factoring AB, which uses a digital platform, from an office in Malmö, Sweden.

Regulatory

The operations of the Group are subject to regulatory and compliance requirements as well as the SFSA's scrutiny from time to time. The Group has internal procedures and actively monitors regulatory and compliance matters relevant to the Group in order to be compliant and up to date with changes to the regulatory landscape. In addition to this, the Group, when necessary, seeks external advice from legal and other professional advisors to be compliant with the current and changing regulatory landscape. The Group's core business, being the provision of corporate loans to small and medium-sized companies, is not itself a regulated activity subject to a licence requirement under Swedish law.

However, the SFSA is, at the date of this Prospectus, conducting a review of companies that are providing lending, to persons and entities, and which operations are financed, partially or wholly, by bonds and has informed the Issuer that it is currently looking into whether the Issuer's business does require a license. The review may, *inter alia*, conclude that such operations, if financed by bonds that are to be admitted to trading, or have already been admitted to trading, on a regulated market, require credit-institution authorisation. The Issuer is, at the date of this Prospectus, partially financed by bonds that are contemplated to be admitted to trading on a regulated market and does not have credit-institution authorisation. The Group's total equity and liabilities, as per the Group's unaudited consolidated quarterly financial statements for the period ending 31 December 2019, are in an approximate amount of SEK 684,000,000 and the bond represents approximately SEK 410,000,000 of the liabilities. For risks relating to this, investors are encouraged to read the risk factors "Regulatory Risk" and "Lending operations financed by bonds".

Lending and processing of applications

The loans issued by Qred are in an amount of up to SEK 1,000,000 (or the equivalent in other currencies) with a typical tenure of up to three years and a fixed monthly cost. In connection with all loan agreements entered into between Qred and a customer, an individual is required to provide a guarantee for the obligations of the borrower in favour of Qred. The guarantor agrees to irrevocably and unconditionally, jointly and severally, as principal obligor (Sw. *proprieborgen*) guarantee the punctual performance of the borrower's obligations under the loan agreement.

Qred uses an internal credit scoring model to assign applicants a credit score and based on that credit score applications are often fully processed within an hour. The credit score is produced by an autonomous algorithm that processes a large amount of different datapoints, which may include

information from i.e. accounting systems, credit reporting agencies and the applicant's bank. This provides the basis for analysis, as it contains financial information on the applicant's financial statements, tax declaration, information from other public sources on e.g. board of directors and authorized signatories. This information is often completed with additional information on the applicant's representatives and the combined information from all these sources provides Qred's credit score for the applicant. The goal of the credit score and Qreds credit model is to find a reasonable limit which allows the applicant to have enough free cash flow to meet its obligations and not go into over-indebtedness. The credit model also allows Qred to keep its credit losses at desired levels.

Share capital and ownership structure

The shares of the Company are denominated in SEK. As of the date of this Prospectus, the Company had an issued share capital of SEK 14,788,542,90 divided into 10,118,571 ordinary shares, and 10,568 preference shares, 1,751 of the preference shares have at the date of this prospectus yet to be formally registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*).

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

<i>Shareholder</i>	<i>No. of ordinary shares</i>	<i>No. of preference shares</i>	<i>Share capital</i>	<i>Voting Rights</i>
Nibble Gård Invest AB	6,526,460	5	64.4%	64.4%
Winholm Invest AB	989,200	0	9.8%	9.8%
Asara Holding Limited	642,857	0	6,3%	6,3%
Moritz Sebastian Wendt	504,590	150	5.0%	5.0%
Mil&Min AB	411,540	0	4.1%	4.1%
Other	1,043,924	10,413	10.4%	10.4%
Total	10,118,571	10,568	100.00 %	100.00 %

Major shareholder in the Issuer - 64,4 per cent.

The major shareholder of the Company is Nibble Gård Invest AB, which is wholly owned by Emil Sunvisson who is a board member of the Issuer. Nibble Gård Invest AB holds 6,526,460 ordinary shares and 5 preference shares, comprising 64,4 of the share capital and 64,4 per cent. of the voting rights of the Company.

Management shareholders – 14,6 per cent.

The following people, excluding the majority owner, in the executive management of the Company, owns shares in the Issuer directly or indirectly. (The list displays holdings as per the date of this Prospectus).

- Mattias Carlsson – 57,000 ordinary shares and 0 preference shares
- Jason Francis – 989,200 ordinary shares and 0 preference shares
- Thomas Jansson – 411,540 ordinary shares and 0 preference shares
- Andrea Gisle Joosen – 20,000 ordinary shares and 0 preference shares

Shareholders' agreements

The Issuer is not aware of the details of any provision in the arrangement between its shareholders, the operation of which may at a subsequent date result in a change in control of the Issuer.

Overview of Group structure

On the date of this Prospectus, the Issuer has, directly and indirectly, one, active, wholly-owned subsidiary, Qred AB, reg. no. 559008-9800 and one active majority-owned subsidiary Qred Factoring AB, reg. no. 559221-0180 in which the Issuer owns 85% of the shares.

Operations are conducted by the subsidiaries and at the date of this prospectus Qred AB represented 82 per cent of the Group's total assets and 100 per cent. of the Group's revenue. The Issuer is thus dependent on its subsidiaries to generate revenues and profit in order to be able to fulfil its payment obligations under the Bonds.

Recent events

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

Significant change and trend information

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

Legal and arbitration proceedings

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

Credit rating

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

MANAGEMENT

Board of directors of the Issuer

On the date of this Prospectus the board of directors of the Issuer consisted of five members which have been elected by the general meeting. The board of directors and the senior management can be contacted through the Issuer at its headquarters at Tulegatan 15, 113 53 Stockholm, Sweden. Further information on the members of the board of directors and the senior management is set forth below.

Mattias Carlsson, chairman of the board since 2017.

Education: M.Sc., Engineering Physics, Uppsala University

Current commitments: CEO of TF Bank AB

Emil Sunvisson, member of the board since 2015.

Education: MBA, Stockholm School of Economics and M.Sc., Engineering, KTH Royal Institute of Technology

Current commitments: Not applicable.

Jason Francis, member of the board since 2015.

Education: MBA, Stockholm School of Economics and MA Economics, Duke University

Current commitments: Not applicable.

Thomas Jansson, member of the board since 2015.

Education: M.Sc., Accounting, Åbo Akademi University

Current commitments: Not applicable.

Andrea Gisle Joosen, member of the board since 2019.

Education: M.Sc., Business Administration and Marketing and executive education at Harvard Business School and Harvard Law.

Current commitments: Member of the board of directors of BillerudKorsnäs Aktiebolag (publ), ICA Gruppen Aktiebolag and chairman and member of the board of directors of Acast AB (publ).

Management of the Issuer

Emil Sunvisson, CEO

CEO since 2015.

MBA, Stockholm School of Economics and M.Sc., Engineering, KTH Royal Institute of Technology. Previous positions include CEO of Cherry.

Jenny Arvidsson, Head of legal and compliance

Head of legal and compliance since 2017.

Juris Doctor, Santa Clara University School of Law. Previous positions include associate at Bird & Bird and Attorney at Pillsbury Winthrop Shaw Pittman LLP

Björn Bondén, Head of credits

Head of credits since 2018.

M.Sc., Industrial Engineering and Management, Helsinki University of Technology.

Previous positions include Pricing & Capital Planning at SBAB, Team Lead Risk at Skandiabanken and Consultant at Oliver Wyman.

Oliver Dolan, CTO

CTO since 2020.

B.Sc., Computer Engineering, Buckinghamshire New University.

Previous positions include Chief Security Officer at Worldfavor and Senior Systems Engineer at CSG International.

Andres Sehr, CMO

CMO since 2020.

B.Comm, Finance and Marketing, University of Toronto - Rotman School of Management. Previous positions include CMO at Hedvig and Marketing Director at Spotify.

Mia Rosén, CFO

CFO since 2018.

Degree of Master of Science in Business and Economics. Previous positions include CFO at Widespace and Head of Group Accounting at Hoist Finance.

Board of directors of the Guarantor

On the date of this Prospectus the board of directors of the Guarantor consisted of three members which have been elected by the general meeting. The board of directors and the senior management can be contacted through the Guarantor at its headquarters at Tulegatan 15, 113 53 Stockholm, Sweden. Further information on the members of the board of directors and the senior management is set forth below.

Emil Sunvisson, chairman of the board since 2015.

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

Jason Francis, member of the board since 2015.

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

Thomas Jansson, member of the board since 2015.

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

Management of the Guarantor

Emil Sunvisson, CEO

CEO since 2015.

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

Jason Francis, Deputy Managing Director

Deputy Managing Director since 2015.

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

Conflicts of interest within administrative, management and control bodies

All members of the board of directors and some management have private interests in the Issuer by their, direct or indirect, holding of shares in the Issuer. The members of the board of directors and the management may serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Issuer may participate, the members of the board of directors or the management may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a board meeting of the Issuer, a board member which has such a conflict will abstain from voting for or against the approval of such participation, or the terms of such participation. In accordance with the laws of Sweden, the members of the board of directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer. Other than the aforementioned, none of the board members or the management has any private interests which may conflict with the interests of the Issuer.

Interest of natural and legal persons involved in the issue

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

HISTORICAL FINANCIAL INFORMATION

The Issuer

The Group's consolidated financial statements for the financial year ended 31 December 2018 and the figures for the financial year ended 31 December 2017 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

The Group's consolidated financial statements for the financial year ended 31 December 2018 and 31 December 2017 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

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

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

- consolidated income statement, page 12;
- consolidated balance sheet, page 13;
- consolidated cash flow statement, page 15;
- consolidated statement of changes in equity, page 14;
- notes, pages 16 – 36; and
- the audit report, page 46.

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

- consolidated income statement, page 13;
- consolidated balance sheet, page 14;
- consolidated cash flow statement, page 16;
- consolidated statement of changes in equity, page 15;
- notes, pages 17 – 37; and
- the audit report, page 47.

Auditing of the annual historical financial information

The Company's consolidated financial statements as at present and for the years 2017 to 2018 have been audited, as applicable, by Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, Sweden ("**PWC**"). PWC has been the Company's auditor since 2017, and was re-elected for an additional year on the latest annual general meeting. Marcus Robertsson is the auditor who is responsible for the Company. Marcus Robertsson is an authorised auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

The auditing of the consolidated financial statements was conducted in accordance with international standards on auditing and the audit reports were submitted without comment.

Age of the most recent financial information

The most recent financial information has been taken from the consolidated financial statements for the financial year ended 31 December 2018, which was published on 3 April 2020 on the Issuer's website: <https://wp.gred.com/se/bond-information/>.

The Guarantor

The Guarantor's annual report for the financial year ended 31 December 2018 and the figures for the financial year ended 31 December 2017 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

The Guarantor's annual report for the financial year ended 31 December 2018 and 31 December 2017 have been prepared in accordance with the Swedish Generally Accepted Accounting Principles ("**Swedish GAAP**").

Other than the auditing of the Guarantor's annual report for the financial year ended 31 December 2018 and for the financial year ended 31 December 2017, the Guarantor's auditor has not audited or reviewed any part of this Prospectus.

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

- income statement, page 4;
- balance sheet, page 5;
- statement of changes in equity, page 3;
- notes, pages 6-7; and
- the audit report, page 11.

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

- income statement, page 4;
- balance sheet, page 5;
- statement of changes in equity, page 3;
- notes, pages 6-7; and
- the audit report, page 10.

Auditing of the annual historical financial information

The Guarantor's annual reports as at present and for the years 2017 to 2018 have been audited, as applicable, by PWC, Torsgatan 21, 113 97 Stockholm, Sweden. PWC has been the Company's auditor since 2017, and was re-elected for an additional year on the latest annual general meeting. Marcus Robertsson is the auditor who is responsible for the Company. Marcus Robertsson is an authorised auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

The auditing of the annual reports was conducted in accordance with international standards on auditing and the audit reports were submitted without comment.

Age of the most recent financial information

The most recent financial information has been taken from the annual reports for the financial year ended 31 December 2018, which was published on 3 April 2020 on the Issuer's website: <https://wp.qred.com/se/bond-information/>.

OTHER INFORMATION

Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of EUR 40,000,000 and the Issuer may, subject to certain conditions set out in the Terms and Conditions, issue additional Bonds in a maximum aggregate amount of EUR 60,000,000. Each Bond has a nominal amount of EUR 100,000. The ISIN for the Bonds is SE0012507267.

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

Representation of the Bondholders

The Terms and Conditions stipulates the provisions for the Agent's representation of the Bondholders and can be accessed on the Company's website: <https://wp.qred.com/se/bond-information/>.

The Guarantors

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

- Qred AB is a limited liability company incorporated under the laws of Sweden since 3 March 2015. It is registered with the Swedish Companies Registration Office, reg. no. 559008-9800. Its registered address is Tulegatan 15, 113 53 Stockholm, Sweden.

Material contracts

Other than as described under the section entitled "*Description of Material Agreements*" herein, the Group has not entered into any material contracts not in the ordinary course of its business and which may affect the Group's ability to fulfil its obligations under the Bonds.

Documents incorporated by reference

This Prospectus is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at <https://wp.qred.com/se/bond-information/>:

- the Group's consolidated financial statements and audit report for the financial year ended 31 December 2018;
- page 13 – 50 from the Group's consolidated financial statements for the financial year ended 31 December 2017, including the audit report for the financial year ended 31 December 2017;
- the Guarantor's annual report and audit report for the financial year ended 31 December 2018; and
- page 4 – 12 from the Guarantor's annual report for the financial year ended 31 December 2017, including the audit report for the financial year ended 31 December 2017.

Documents available for inspection

The following documents are available at the Company's headquarters at Tulegatan 15, 113 53 Stockholm, Sweden, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus.

- the Company's articles of association;
- the Company's certificate of registration;
- the Guarantor's articles of association;
- the Guarantor's certificate of registration; and
- the Guarantee and Adherence Agreement.

The following documents are also available in electronic form on the Company's website <https://wp.qred.com/se/bond-information/>:

- the Company's articles of association;
- the Company's certificate of registration;
- the Guarantor's articles of association;
- the Guarantor's certificate of registration; and
- the Guarantee and Adherence Agreement.

Listing costs

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 350,000.

TERMS AND CONDITIONS OF 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 Bondholder has opened a Securities Account in respect of its Bonds.

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

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

"**Advance Purchase Agreements**" means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services in the normal course of business with credit periods which are no longer than 90 days after the supply of assets or services, or (b) any other trade credit incurred in the ordinary course of business where payment is due no more than 90 days after the date of trade.

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

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

"**Agent**" means Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden or another party replacing it, as Agent, in accordance with these Terms and Conditions.

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

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

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

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

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

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

"Call Option Amount" mean the amount set out in Clause 9.3 (*Voluntary total redemption (call option)*), as applicable.

"Cash" means cash and cash equivalents of the Group in accordance with the applicable Accounting Principles of the Group from time to time.

"Change of Control Event" means the occurrence of an event or series of events whereby one or more Persons, not being the Main Shareholders (or an Affiliate of the Main Shareholders), acting together, acquire control over the Issuer and where "control" means (a) acquiring or controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove all or a majority of the directors of the board of directors of the Issuer.

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

"Compliance Certificate" means a certificate to the Agent, in the agreed form between the Agent and the Issuer, signed by the CFO, the CEO or an authorised signatory of the Issuer, certifying (as applicable):

- (a) 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;
- (b) if the Compliance Certificate is provided in connection with the testing of the Maintenance Covenants or the Debt Incurrence Testing, that the Maintenance Covenants or the Net Equity Ratio in connection to the Debt Incurrence Testing (as applicable) is met (including figures in respect of the relevant financial tests and the basis on which they have been calculated);
- (c) if the Compliance Certificate is provided in connection with that a Financial Report is made available, the certificate shall include the Material Companies and the Material Intercompany Loans.

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

"Debt Incurrence Testing" means the testing of the Net Equity Ratio in connection with the incurrence of Financial Indebtedness as set out in paragraph (i) of the definition of Permitted Debt.

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

"Equity and Subordinated Debt" means, in accordance with the applicable Accounting Principles from time to time, the consolidated sum of (i) restricted equity, (ii) non-restricted equity and (iii) any Subordinated Debt.

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

"EURIBOR" means:

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

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

"Event of Default" means an event or circumstance specified in any of the Clauses 14.1 (*Non-Payment*) to and including Clause 14.10 (*Continuation of the Business*).

"Existing Debt" means the debt owed under the credit facility incurred by Qred Företagslån AB with Nordiska Kreditmarknadsaktiebolaget (publ) as lender.

"Existing Debt Amount" means an amount equal to the Existing Debt outstanding on the First Issue Date, being SEK 121,142,720 and EUR 12,686,383.

"Existing Shareholder Debt" means the shareholder debt owed by the Issuer on the First Issue Date in the total aggregate amount of SEK 37,000,000.

"Existing Shareholder Debt Amount" means an amount equal to the Existing Shareholder Debt outstanding on the First Issue Date, being SEK 8,411,197 and EUR 2,664,132.

"Final Maturity Date" means 17 June 2022.

"Finance Documents" means:

- (a) these Terms and Conditions;
- (b) the Agency Agreement;
- (c) the Proceeds Account Pledge Agreement;

- (d) the Security Documents;
- (e) the Guarantee and Adherence Agreement;
- (f) the Subordination Agreement (if any); and
- (g) any other document designated by the Issuer and the Agent or the Security Agent as a Finance Document.

"Finance Leases" means any finance leases, to the extent the arrangement is or would have been treated as a finance or a capital lease in accordance with the Accounting Principles applicable prior to 1 January 2019 (a lease which in the accounts of the Group is treated as an asset and a corresponding liability).

"Financial Indebtedness" means any indebtedness in respect of:

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

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

"Financial Report" means the Group's annual audited financial statements or quarterly interim unaudited reports, which shall be prepared and made available according to Clause 11.1(a)(i) and 11.1(a)(ii).

"First Issue Date" means 17 June 2019.

"Floating Rate Margin" means 8.50 per cent. *per annum*.

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

"Group" means the Issuer and each of its Subsidiaries from time to time, and **"Group Company"** means any of them.

"Guarantee and Adherence Agreement" means the guarantee and adherence agreement pursuant to which the Guarantors shall, amongst other, (i) guarantee all amounts outstanding under the Finance Documents, including but not limited to the Bonds, plus accrued interests and expenses.

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

"Guarantors" means initially Qred Företagslån AB a limited liability company incorporated in Sweden with reg. no. 559008-9800 and any Material Group Company.

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

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

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

"Interest" means the interest on the Bonds calculated in accordance with Clauses 8(a) to 8(b).

"Interest Payment Date" means 17 March, 17 June, 17 September, and 17 December each year. The first Interest Payment Date shall be 17 September 2019. The last Interest Payment Date shall be the Final Maturity Date (or such earlier date on which the Bonds are redeemed in full). To the extent any of the above dates is not a Business Day, the Business Day following from an application of the Business Day Convention.

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

"Interest Rate" means EURIBOR plus the Floating Rate Margin.

"Issuer" means Qred AB (publ), a limited liability company incorporated in Sweden with reg. no. 559031-0685.

"Issuing Agent" means Pareto Securities AB, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"Listing Failure Event" means:

- (a) that the Initial Bonds have not been listed on the Open Market of the Frankfurt Stock Exchange within 60 days of the First Issue Date (provided that the Issuer shall use its best efforts to list the Initial Bond no later than 30 days after the First Issue Date);
- (b) that the Initial Bonds have not been admitted to listing on Nasdaq Stockholm, or any other Regulated Market, within 12 months after the First Issue Date;
- (c) that any Subsequent Bonds have not been listed on Nasdaq Stockholm, or any other Regulated Market, within 60 days after the issuance of such Subsequent Bonds (provided that the Issuer has used its best efforts to list such Subsequent Bonds no later than 30 days after the issuance of such Subsequent Bonds) (unless Subsequent Bonds are issued before the date falling 12 months before the First Issue Date in which case such Subsequent Bonds shall be listed within 12 months after the First Issue Date); and
- (d) that the Bonds cease to be listed on the Open Market of the Frankfurt Stock Exchange, Nasdaq Stockholm or another Regulated Market (however, taking into account the rules and regulations of Frankfurt Stock Exchange and Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

"Main Shareholders" means Emil Sunvisson with personal identity number 710819-6671.

"Maintenance Covenants" means the maintenance covenants set out in Clause 12.1 (*Maintenance Covenants*).

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

"Material Adverse Effect" means a material adverse effect on:

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

"Material Group Company" means, at any time any Group Company directly or indirectly wholly-owned by the Issuer which has revenues representing 5.00 per cent. or more of the revenues of the Group, calculated on a consolidated basis, or has assets representing 5.00 per cent., or more of the Total Assets, calculated on a consolidated basis.

"Material Intercompany Loan" means any intercompany loans provided by any Group Company to any other Group Company where:

- (a) the term of the intercompany loan is at least 12 months (the term to be determined by the Issuer); and
- (b) the principal amount thereof is at least in an amount exceeding EUR 500,000.

"**MTF**" means any multilateral trading facility as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended.

"**Net Equity Ratio**" means, in relation to the Group, the ratio of Equity and Subordinated Debt to Total Assets minus Cash.

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

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

"**Obligors**" means The Issuer and each Guarantor.

"**Permitted Debt**" means any Financial Indebtedness:

- (a) incurred under the Bonds (other than Subsequent Bonds);
- (b) incurred under the Existing Debt and the Existing Shareholder Debt, provided that the Existing Debt and the Existing Shareholder Debt are repaid and cancelled in full no later than six (6) months after the First Issue Date;
- (c) incurred by any Group Company under a Revolving Credit Facility in an amount not exceeding an amount equal to 15 per cent. of the aggregate Nominal Amount outstanding at any time, provided that the Existing Debt has been cancelled and repaid in full;
- (d) arising under any interest rate hedging transactions, but not any transaction for investment or speculative purposes;
- (e) of the Group incurred pursuant to any Finance Leases incurred in the ordinary course of the Group's business in a maximum amount of EUR 250,000 or the equivalent thereof in any other currency;
- (f) arising under a foreign exchange transaction or a commodity transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions but not any transaction for investment or speculative purposes;
- (g) incurred by a Group Company from another Group Company (including any cash pool arrangements);
- (h) incurred under any Subordinated Debt;
- (i) incurred by the Issuer provided that no Event of Default is outstanding or would occur from such incurrence and provided that the Net Equity Ratio is met tested *pro forma* with the new Financial Indebtedness being incurred, and such Financial Indebtedness:
 - (i) is incurred as a result of a Subsequent Bond Issue; or

- (ii) ranks *pari passu* with the obligations of the Issuer under the Finance Documents and has a final maturity date or, when applicable, early redemption dates or instalment dates which occur on or after the Final Maturity Date; or
- (iii) is subordinated to the obligations of the Issuer under the Finance Documents and has a final maturity date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date;
- (j) incurred under Advance Purchase Agreements;
- (k) arising under any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability in the ordinary course of business of a Group Company;
- (l) 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; and
- (m) not covered under paragraphs (a)-(l) above in an aggregate maximum amount of EUR 250,000 or the equivalent thereof in any other currency.

"Permitted Security" means any Security:

- (a) provided under the Finance Documents;
- (b) provided for the Existing Debt;
- (c) provided for any Revolving Credit Facility permitted under paragraph (c) of the definition of "Permitted Debt";
- (d) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or Security in respect of any monies borrowed or raised);
- (e) arising under any netting or set-off arrangement under financial derivatives transactions or bank account arrangements, including group cash pool arrangements.
- (f) provided in relation to any lease agreement entered into by a Group Company in the ordinary course of business and on normal commercial terms;
- (g) provided over any assets being subject to a Finance Lease, permitted pursuant to paragraph (e) of the definition of "Permitted Debt";
- (h) affecting any asset acquired by any Group Company after the First Issue Date, provided that such security is discharged and released in full within 90 days of such acquisition;

- (i) created for the benefit of the financing providers in relation to any Financial Indebtedness incurred in connection with a refinancing of the Bonds in full, permitted pursuant to paragraph (l) of the definition of "Permitted Debt", however provided always that any perfection requirements in relation thereto are satisfied after repayment of the Bonds in full (other than with respect to an escrow account (if applicable) which may be perfected in connection with the incurrence of such debt);
- (j) provided for any guarantees issued by a Group Company in the ordinary course of business;
- (k) provided by or over a Group Company to secure any Permitted Debt referred to in paragraphs (d), (f) and (i) of the definition "Permitted Debt"; or
- (l) not covered under paragraphs (a)-(k) above securing an aggregate maximum amount of EUR 250,000 or the equivalent thereof in any other currency.

"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.

"Pledged Account" means the Proceeds Account, which following the initial disbursement of the Net Proceeds (except for the Existing Debt Amount and the Existing Shareholder Debt Amount), will remain pledged in favour of the Agent and the bondholders (represented by the Agent) under the Proceeds Account Pledge Agreement.

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

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

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

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

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

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

"Reference Period" means:

- (a) when testing the Maintenance Covenants, the period of 12 consecutive calendar months ending on a Reference Date; and
- (b) when testing the Net Equity Ratio in connection with the incurrence of Financial Indebtedness as set out in paragraph (i) of the definition of Permitted Debt, the period of 12 consecutive calendar months ending on the determined testing date.

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

"Restricted Payment" has the meaning set forth in Clause 13.2(a).

"Revolving Credit Facility" means any revolving credit facility agreement or similar agreement providing financing for general corporate purposes between any Group Company and a lender under a Revolving Credit Facility.

"Secured Obligations" means all present and future, actual and contingent, liabilities and obligations at any time due, owing or incurred by any Obligor towards the Secured Parties outstanding from time to time under the Finance Documents.

"Secured Parties" means the Security Agent, the Bondholders and the Agent (including in its capacity as Agent under the Agency Agreement).

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

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

"Security Agent" means the security agent holding the Transaction Security on behalf of the Secured Parties, being Nordic Trustee & Agency AB (publ), reg. no. 556882-1879 on the First Issue Date.

"Security Documents" means the security documents pursuant to which the Transaction Security is created and any other document designated as a Security Document by the Issuer and the Security Agent.

"Subordinated Debt" means any loan made to the Issuer as debtor, if such loan:

- (a) according to the Subordination Agreement is subordinated to the obligations of the Issuer under the Finance Documents;
- (b) according to its terms has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date unless a Restricted Payment is permitted under the Finance Documents; and
- (c) according to its terms yield only payment-in-kind interest and/or cash interest that is payable after the Final Maturity Date.

"Sole Bookrunner" means Pareto Securities AB.

"Subordination Agreement" means the subordination agreement, on terms and conditions satisfactory to the Agent, entered into between, amongst others, the Issuer, the Agent and any creditor providing Subordinated Debt.

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

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

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

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

"Total Nominal Amount" means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

"Total Assets" means the consolidated book value of all assets of the Group calculated in accordance with the Accounting Principles of the Group applicable prior to 1 January 2019.

"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 (i) a Bond Issue and (ii) the listing of the Bonds.

"Transaction Security" means the Security provided for the Secured Obligations pursuant to the Security Documents, initially being:

- (a) share pledges in respect of all shares in Qred Företagslån AB;
- (b) pledge over any current and future Material Intercompany Loans;
- (c) a pledge over the Pledged Account; and
- (d) any other security granted pursuant to Clause 13.11 (*Additional Security over Material Companies*) and Clause 13.13 (*Additional Security Material Intercompany Loans*).

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

1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
 - (i) "assets" includes present and future properties, revenues and rights of every description;
 - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;

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

2. Status of the Bonds

- (a) The Bonds are denominated in Euro and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The nominal amount of each Initial Bond is EUR 100,000 (the "**Nominal Amount**"). The maximum total nominal amount of the Initial Bonds is EUR 40,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- (d) The minimum permissible investment in the Initial Bond Issue is EUR 100,000.
- (e) Provided that (i) no Event of Default is continuing or would result from such issue and (ii) that the Net Equity Ratio is met tested *pro forma* with the new debt being incurred, the Issuer may, at one or several occasions, issue Subsequent Bonds (each such issue, a "**Subsequent Bond Issue**"). Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount and the Final Maturity Date applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at a discount or at a premium compared to the Nominal Amount. The maximum total

nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed EUR 100,000,000 unless a consent from the Bondholders is obtained in accordance with Clause 16(e)(i). Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 8(a), and otherwise have the same rights as the Initial Bonds.

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

3. Use of Proceeds

- (a) The proceeds from the Initial Bond Issue shall be used to (i) refinance the Existing Debt, (ii) repay the Existing Shareholder Debt, (iii) finance general corporate purposes of the Group and (iv) finance Transaction Costs.
- (b) The proceeds from any Subsequent Bond Issue shall be used to (i) finance general corporate purposes of the Group and (ii) finance Transaction Costs.

4. Conditions Precedent and Transfer of Proceeds

4.1 Conditions Precedent for initial Disbursement

- (a) The payment of the Net Proceeds from the Initial Bond Issue to the Proceeds Account is subject to the Agent having received documents and evidence of the Proceeds Account Pledge Agreement being duly executed and perfected.
- (b) The Issuer shall provide, or procure the provision of, to the satisfaction of the Agent:
 - (i) constitutional documents and corporate resolutions (approving the relevant Finance Documents and authorising a signatory/-ies to execute the Finance Documents) for the Issuer and each other party to a Finance Document (other than the Agent), together constituting evidence that the Finance Documents have been duly executed;
 - (ii) copies of the Finance Documents, duly executed;

- (iii) evidence that the Transaction Security either has been or will be perfected in accordance with the terms of the Finance Documents; and
 - (iv) an agreed form Compliance Certificate;
- (c) The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 4.1(b) is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documentation and evidence referred to in Clause 4.1(b) above from a legal or commercial perspective of the Bondholders.
- (d) When the conditions precedent for disbursement set out in Clause 4.1(b) have been received to the satisfaction of the Agent (acting reasonably), the Agent shall instruct the bank (with which the Issuer holds the Proceeds Account) to transfer the funds from the Proceeds Account (except for (i) the Existing Debt Amount and (ii) the Existing Shareholder Debt Amount) for the purpose set out in Clause 3 (*Use of Proceeds*).
- (e) If the conditions precedent for disbursement set out in Clause 4.1(b) have not been fulfilled to the satisfaction of the Agent (acting reasonably) or waived by the Agent within thirty (30) Business Days from the First Issue Date, the Issuer shall repurchase all Bonds at a price equal to 100 per cent. of the Initial Nominal Amount together with any accrued Interest. Any funds distributed by the Agent to the Bondholders in accordance with the Proceeds Account Pledge Agreement shall be deemed to be paid by the Issuer for the redemption under this Clause 4.1(e). Any shortfall shall be covered by the Issuer. The repurchase date shall fall no later than thirty (30) Business Days after the ending of the thirty (30) Business Days period referred to above.

4.2 Transfer of proceeds from the Pledged Account

The Security Agent shall instruct the bank with which the Issuer holds the Pledged Account, to transfer an amount not exceeding the difference between (i) the amount standing to the credit of the Pledged Account and (ii) the amount outstanding under the Existing Debt and the Existing Shareholder Debt (a "**Transfer**") provided that with respect to each such Transfer, the Issuer delivers to the Security Agent:

- (a) No later than three (3) Business Days prior the relevant Transfer:
 - (i) a request for such Transfer and therein specifies the amount to be transferred from the Pledged Account, which amount shall not exceed the difference between (i) the amount standing to the credit of the Pledged Account and (ii) the amount outstanding under the Existing Debt and the Existing Shareholder Debt on the date of the relevant Transfer; and
 - (ii) a written statement from the Issuer setting out the amount outstanding under (i) the Existing Debt and (ii) the Existing Shareholder Debt on a date falling three (3) Business Days or less prior to the relevant Transfer.
- (b) On the date of the relevant Transfer, a copy of a document from the bank with which the Issuer holds the Pledged Account confirming the amount standing to the credit of the Pledged Account at the date of the relevant Transfer.

5. Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) 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.
- (c) 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.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such Persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

6. Right to Act on Behalf of a Bondholder

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

7. Payments in Respect of the Bonds

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other

relevant due date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue without any default interest in accordance with Clause 8(d) during such postponement.
- (d) If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount.
- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

8. Interest

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

9. Redemption and Repurchase of the Bonds

9.1 Redemption at maturity

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

9.2 Issuer's purchase of Bonds

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

9.3 Voluntary total redemption (call option)

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full:
- (i) any time from and including the First Issue Date to, but excluding, the date falling 18 months after the First Issue Date at an amount per Bond equal to 104.25 per cent. of the Nominal Amount plus the remaining interest payments, calculated in accordance with Clause 9.3(c), up to and including the date falling 18 months after the First Issue Date together with accrued but unpaid Interest;
 - (ii) any time from and including the date falling 18 months after the First Issue Date to, but excluding, the date falling 21 months after the First Issue Date at an amount per Bond equal to 104.25 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
 - (iii) any time from and including the date falling 21 months after the First Issue Date to, but excluding, the date falling 24 months after the First Issue Date at an amount per Bond equal to 103.40 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
 - (iv) any time from and including the date falling 24 months after the First Issue Date to, but excluding, the date falling 27 months after the First Issue Date at an amount per Bond equal to 102.55 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
 - (v) any time from and including the date falling 27 months after the First Issue Date to, but excluding, the date falling 30 months after the First Issue Date at an amount per Bond equal to 101.70 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
 - (vi) any time from and including the date falling 30 months after the First Issue Date to, but excluding, the Final Maturity Date at an amount per Bond equal to 100.85 per cent. of the Nominal Amount, together with accrued but unpaid Interest;

- (vii) notwithstanding paragraph (vi) above, provided that the redemption is financed to more than seventy-five (75) per cent. by way of one or several Market Loan issues, at any time from and including the date falling 33 months after the First Issue Date to, but excluding, the Final Maturity Date, at an amount per Bond equal to 100 per cent. of the Nominal Amount, together with accrued but unpaid interest.
- (b) Redemption in accordance with Clause 9.3(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.
- (c) For the purpose of calculating the remaining interest payments pursuant to Clause 9.3(a)(i) above it shall be assumed that the Interest Rate for the period from the relevant record date to the date falling 18 months after the First Issue Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant record date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.

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

- (a) Upon the occurrence of a Change of Control Event or Listing Failure Event, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) days following a notice from the Issuer of the Change of Control Event or Listing Failure Event pursuant to Clause 11.1(f) (after which time period such rights lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event or Listing Failure Event.
- (b) The notice from the Issuer pursuant to Clause 11.1(f) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, 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 11.1(f). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 9.4(a).
- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.4 by virtue of the conflict.
- (d) Any Bonds repurchased by the Issuer pursuant to this Clause 9.4 may at the Issuer's discretion be retained or sold, but not cancelled.

10. Transaction Security and Guarantees

- (a) As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer, the Guarantors and each Group Company party to any Security Document and/or the Guarantee and Adherence Agreement grants the Transaction Security and the Guarantees (as applicable) to the Secured Parties as represented by the Security Agent on the terms set out in the Security Documents and the Guarantee and Adherence Agreement (as applicable).
- (b) The Security Agent shall hold the Transaction Security and the Guarantees on behalf of the Secured Parties in accordance with the Security Documents, the Guarantee and Adherence Agreement. The Issuer shall, and shall procure that the Guarantors and each Group Company party to any Security Document and/or the Guarantee and Adherence Agreement (as applicable) will, enter into the Security Documents and/or the Guarantee and Adherence Agreement (as applicable) and perfect the Transaction Security in accordance with the Security Documents.
- (c) Unless and until the Security Agent has received instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*), the Security Agent shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Security Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security, creating further Security for the benefit of the Secured Parties or for the purpose of settling the Bondholders' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents and provided that such agreements or actions are not detrimental to the interest of the Bondholders.

11. Information to Bondholders

11.1 Information from the Issuer

- (a) The Issuer shall make the following information available in the English language by publication on the website of the Group:
 - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the annual audited consolidated financial statements of the Group, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
 - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, the quarterly unaudited consolidated reports or the year-end report (*Sw. bokslutskommuniké*) (as applicable), 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; and
 - (iii) as soon as practicable following an acquisition or disposal of Bonds by a Group Company, the aggregate Nominal Amount held by Group Companies.

- (b) The first report delivered pursuant to paragraphs (a)(i) and (a)(ii) shall be delivered on 31 August 2019.
- (c) Any other information required by the Swedish Securities Markets Act (*Sw. lag (2007:528) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Bonds are admitted to trading and the MTF on which the Bonds are traded.
- (d) When the Bonds have been listed on a Regulated Market:
 - (i) the information set out in Clause 11.1(a) shall also be made available by way of press release; and
 - (ii) the reports referred to in Clause 11.1(a)(i) and Clause 11.1(a)(ii) shall be prepared in accordance with IFRS.
- (e) When the financial statements and other information are made available to the Bondholders pursuant to Clause 11.1(a), the Issuer shall send copies of such financial statements and other information to the Agent.
- (f) The Issuer shall promptly notify the Agent and the Bondholders upon becoming aware of the occurrence of a Change of Control Event or Listing Failure Event and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice. A notice regarding a Change of Control Event may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for a Change of Control Event.
- (g) The Issuer shall promptly notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- (h) The Issuer shall submit a duly executed Compliance Certificate to the Agent:
 - (i) in connection with the incurrence of Financial Indebtedness as set out in item (i) of the definition "Permitted Debt";
 - (ii) in connection with that a Financial Report is made available;
 - (iii) at the Agent's request, within 20 days from such request.
- (i) The Agent may assume that any information provided by the Issuer in the Compliance Certificate delivered pursuant to paragraph (g) above is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information.

- (j) The Issuer is only obliged to inform the Agent according to this Clause 11.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 11.1.

11.2 Information from the Agent

- (a) Subject to the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 11.2(b), the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- (b) If a committee representing the Bondholders' interests under the Finance Documents has been appointed by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Bondholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

11.3 Publication of Finance Documents

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

12. Financial Undertakings

12.1 Maintenance Covenants

The Issuer shall ensure that:

- (a) the Net Equity Ratio shall not be less than 25.00 per cent.; and
- (b) the Cash standing to the credit of the Pledged Account shall not at any time be less than the amount outstanding under the Existing Debt and the Existing Shareholder Debt.

12.2 Testing of the Maintenance Covenants and the Debt Incurrence Testing

- (a) The Maintenance Covenants shall be calculated in accordance with the Accounting Principles applicable to the Issuer and tested by reference to each of the Financial

Reports on each Reference Date with respect to the Reference Period ending on such Reference Date. The first test date shall be 30 June 2019.

- (b) For the purpose of the Debt Incurrence Testing, the calculation of the Net Equity Ratio shall be made as per a testing date determined by the Issuer, falling no later than the period covered by the most recent Financial Report.

13. General Undertakings

13.1 General

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

13.2 Restricted Payments

- (a) No Obligor shall, and shall procure that none of its Subsidiaries will:
- (i) pay any dividend in respect of its shares (other than to a wholly-owned, direct or indirect Subsidiary of the Issuer and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis);
 - (ii) repurchase or redeem any of its own shares;
 - (iii) redeem or reduce its share capital or other restricted or unrestricted equity with repayment to its shareholders;
 - (iv) repay any Subordinated Debt or pay any interest thereon;
 - (v) grant any loans except to Group Companies and in the ordinary course of business; or
 - (vi) make any other similar distribution or transfers of value to the Issuer's, or the Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders (other than a wholly-owned, direct or indirect, Subsidiary of the Issuer and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis);

(paragraphs (i)–(iv) above are together and individually referred to as a "**Restricted Payment**").

- (b) Notwithstanding the above, a Restricted Payment may be made:
- (i) if made to the Issuer for the purpose of:
 - (A) it making any payments under the Finance Documents;
 - (B) to make the payment referred in subparagraph (iii) below; or
 - (ii) if:

- (A) made in respect of any preferred shares in the Issuer and the aggregate amount of all such Restricted Payments (including the Restricted Payment in question) does not exceed SEK 10,000,000 or the equivalent thereof in any other currency *per annum*; and
 - (B) no Event of Default is outstanding or would occur when making the relevant Restricted Payment; or
- (iii) if made in respect of (x) any repayment of principal amount outstanding under any Subordinated Debt (other than the Existing Shareholder Debt) ("**Existing Subordinated Debt**") or (y) repurchase or redemption of any preferred shares in the Issuer ("**Existing Preferred Shares**") provided that:
- (A) no Event of Default is outstanding or would occur when making the relevant Restricted Payment; and
 - (B) prior to making that Restricted Payment, new Subordinated Debt is provided to the Issuer and/or new shares (ordinary or preferred) are issued in the Issuer in an amount which in aggregate is at least the same as the aggregate amount of any repaid Existing Subordinated Debt and any redeemed or repurchased Existing Preferred Shares.

13.3 Nature of Business

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

13.4 Financial Indebtedness

No Obligor shall, and shall procure that none of its Subsidiaries will, incur, prolong, renew or extend any Financial Indebtedness, other than Permitted Debt.

13.5 Disposal of Assets

No Obligor shall, and shall procure that no Group Company will, sell or otherwise dispose of any shares in any Group Company or of any substantial assets or operations to any Person not being the Issuer or any of its wholly-owned Group Companies, unless the transaction (i) is carried out at fair market value and on arm's length terms and (ii) does not have a Material Adverse Effect.

13.6 Negative Pledge

No Obligor shall, and shall procure that none of its Subsidiaries will, provide, prolong or renew any security over any of its/their assets (present or future), other than any Permitted Security.

13.7 Dealings at arm's length terms

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

13.8 Compliance with laws and authorisations

Each Obligor shall, and shall make sure that its Subsidiaries will, (i) comply with all laws and regulations applicable from time to time and (ii), obtain, maintain, and comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company, in each case, if failure to do so has or is reasonably likely to have a Material Adverse Effect.

13.9 Holding Company

The Issuer shall not trade, carry on any business, own any assets or incur any liabilities except for:

- (a) the provision of administrative services (excluding treasury services) to other members of the Group of a type customarily provided by a holding company to its Subsidiaries;
- (b) ownership of shares in its Subsidiaries, intra-group debit balances, intra-group credit balances and other credit balances in bank accounts, cash and cash equivalent;
- (c) any liabilities under the Existing Debt, the Existing Shareholder Debt and the Revolving Credit Facility; and
- (d) any liabilities under the Finance Documents to which it is a party and professional fees and administration costs in the ordinary course of business as a holding company.

13.10 Nomination of Material Group Companies

The Issuer shall ensure that each Material Company is listed as Material Company in the each Compliance Certificate.

13.11 Additional Security over Material Group Companies

Each Obligor shall, and shall procure that its Subsidiaries shall, grant Security over the shares in each Material Group Company (subject to customary financial assistance and corporate benefit limitations) is granted no later than 30 days following delivery of a Compliance Certificate or if not timely delivered, that date it should have been delivered evidencing that a Group Company has become a Material Company and in connection therewith provide to the Agent:

- (a) constitutional documents and corporate resolutions (approving the relevant Security Document and authorising a signatory/-ies to execute that Security Document) for the relevant security provider and each other party to that Security Document (other than the Agent);
- (b) copies of the relevant Security Documents duly executed;
- (c) evidence that the Transaction Security either has been or will be perfected in accordance with the terms of the relevant Security Documents;
- (d) any legal opinion on the capacity and due execution in respect of any entity being party to the relevant Security Document unless it is incorporated in Sweden, issued by a reputable law firm; and

- (e) any legal opinion on the validity and enforceability in respect of the relevant Security Document unless it is governed by Swedish law which, if requested by the Agent, shall also include customary opinions regarding the role of the Security Agent in such jurisdiction (such as no residency or registration requirement and no need to deposit funds), issued by a reputable law firm.

13.12 Additional Guarantors

Each Obligor shall procure that each Material Group Company accedes to the Guarantee and Adherence Agreement no later than 30 days following delivery of a Compliance Certificate or if not timely delivered, that date it should have been delivered evidencing that a Group Company has become a Material Company and in connection therewith provides to the Agent:

- (a) duly executed accession letters to the Guarantee and Adherence Agreement;
- (b) constitutional documents and corporate resolutions (approving the relevant Finance Documents and authorising a signatory/-ies to execute the Finance Documents) for it and each other party to a Finance Document (other than the Agent);
- (c) any legal opinion on the capacity and due execution unless such Material Group Company is incorporated in Sweden, issued by a reputable law firm; and
- (d) any legal opinion on the validity and enforceability in respect of any Finance Documents unless it is governed by Swedish law which, if requested by the Agent, shall also include customary opinions regarding the role of the Security Agent in such jurisdiction (such as no residency or registration requirement and no need to deposit funds), issued by a reputable law firm.

13.13 Additional Security Material Intercompany Loans

Each Obligor shall and shall procure that each Group Company will, upon the incurrence of a Material Intercompany Loan, grant a pledge over that Material Intercompany Loan as Security (subject to customary financial assistance and corporate benefit limitations) for all amounts outstanding under the Finance Documents and simultaneously therewith deliver to the Agent (unless previously provided):

- (a) constitutional documents and corporate resolutions (approving the relevant Security Documents and authorising a signatory/-ies to execute the relevant Security Document) for the relevant security provider, and each other party to that Security Document (other than the Agent);
- (b) a legal opinion on the capacity and due execution, in respect of any entity being party to the relevant Security Document unless it is incorporated in Sweden, issued by a reputable law firm; and
- (c) any legal opinion on the validity and enforceability in respect of the relevant Security Document unless it is governed by Swedish law which, if requested by the Agent, shall also include customary opinions regarding the role of the Security Agent in such jurisdiction (such as no residency or registration requirement and no need to deposit funds), issued by a reputable law firm.

14. Events of Default and Acceleration of the Bonds

Each of the events or circumstances set out in this Clause 14 (other than Clause 14.11 (*Acceleration of the Bonds*)) is an Event of Default.

14.1 Non-Payment

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

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

14.2 Maintenance Covenants

The Issuer has failed to comply with any of the Maintenance Covenants.

14.3 Other Obligations

An Obligor fails to comply with the Finance Documents, in any other way than as set out in Clauses 14.1 (Non-Payment) and 14.2 (Maintenance Covenants), provided that no Event of Default will occur if the failure to comply is capable of being remedied and the Issuer has remedied the failure within fifteen (15) Business Days of the earlier (i) the Issuer becoming aware of the failure to comply and (ii) the Agent requesting the Issuer in writing to remedy such failure.

14.4 Cross-acceleration

Any Financial Indebtedness of a Group Company is:

- (a) not paid when due as extended by any originally applicable grace period (if there is one); or
- (b) declared to be due and payable prior to its specified maturity as a result of an event of default (however described),

provided that no Event of Default will occur under this Clause 14.4 if (i) the aggregate amount of Financial Indebtedness that has fallen due is less than EUR 1,000,000 (or the equivalent thereof in any other currency) or (ii) it is owed to a Group Company.

14.5 Insolvency

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

14.6 Insolvency Proceedings

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

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

14.7 Creditors' Process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Group Company having an aggregate value of an amount equal to or exceeding EUR 1,000,000 (or the equivalent thereof in any other currency) and is not discharged within 60 days.

14.8 Mergers and demergers

A decision is made that any Group Company shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that a involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged.

14.9 Impossibility or Illegality

It is or becomes impossible or unlawful for the Issuer to fulfill 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.

14.10 Continuation of the Business

The Issuer or any other Group Company ceases to carry on its business, if such discontinuation is likely to have a Material Adverse Effect.

14.11 Acceleration of the Bonds

- (a) Upon the occurrence of an Event of Default which is continuing, the Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a Person who is a Bondholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Bondholders, be made by them jointly) or following an instruction given pursuant to Clause 14.11(d), on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents,

immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.

- (b) The Agent may not accelerate the Bonds in accordance with Clause 14.11(a) by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- (d) If the Bondholders (in accordance with these Terms and Conditions) instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) In the event of an acceleration of the Bonds in accordance with this Clause 14.11, the Issuer shall up to, but excluding, the date falling 18 months after the First Issue Date redeem all Bonds at an amount per Bond equal to the Call Option Amount set out in Clause 9.3(a)(ii), and thereafter, as applicable considering when the acceleration occurs, redeem all Bonds at an amount per Bond equal to the Call Option Amount for the relevant period.

15. Distribution of Proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (*Events of Default and Acceleration of the Bonds*) and any proceeds received from an enforcement of the Transaction Security or the Guarantees (in the case of Guarantees to the extent proceeds from the Guarantees can be applied towards satisfaction of the below) shall be distributed in the following order of priority:
 - (i) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, the enforcement of the Transaction Security or the Guarantees or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts

that have not been reimbursed by the Issuer in accordance with Clause 20.2(g), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16(m);

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

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

16. Decisions by Bondholders

- (a) A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Bondholders and such Person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a Person who is, or who has been provided with a power of attorney or other authorisation pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a Person who is, registered as a Bondholder:
 - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
 - (ii) on the Business Day specified in the communication pursuant to Clause 18(c), in respect of a Written Procedure,

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

- (e) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds ($66 \frac{2}{3}$) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):
- (i) the issue of any Subsequent Bonds, if the total nominal amount of the Bonds exceeds, or if such issue would cause the total nominal amount of the Bonds to at any time exceed, EUR 100,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Bonds are issued);
 - (ii) a change to the terms of any of Clause 2(a), and Clauses 2(f) to 2(h);
 - (iii) a reduction of the premium payable upon the redemption or repurchase of any Bond pursuant to Clause 9 (*Redemption and Repurchase of the Bonds*);
 - (iv) a change to the Interest Rate or the Nominal Amount;
 - (v) waive a breach of or amend an undertaking set out in Clause 13 (*General Undertakings*);
 - (vi) a change to the terms for the distribution of proceeds set out in Clause 15 (*Distribution of Proceeds*);
 - (vii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 16;
 - (viii) a change of issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
 - (ix) a release of the Transaction Security or the Guarantees, except in accordance with the terms of the Security Documents and/or the Guarantee and Adherence Agreement (as applicable);
 - (x) a mandatory exchange of the Bonds for other securities; and
 - (xi) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 14 (*Events of Default and Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by Clause 16(e) shall require the consent of Bondholders representing more than 50 per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19(a)(i) or 19(a)(ii)), an acceleration of the Bonds, or the enforcement of any Transaction Security or Guarantees.

(g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16(e), and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:

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

If a quorum exists for some, but not all, of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.

(h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17(a)) or initiate a second Written Procedure (in accordance with Clause 18(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 16(g) shall not apply to such second Bondholders' Meeting or Written Procedure.

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

(j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.

(k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.

(l) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.

(m) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.

(n) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy

of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate.

- (o) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Group and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

17. Bondholders' Meeting

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 17(a) with a copy to the Agent. After a request from the Bondholders 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 Bondholders' Meeting in accordance with Clause 17(a).
- (c) The notice pursuant to Clause 17(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

18. Written Procedure

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically) no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 18(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a

specification of the Business Day on which a Person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 18(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16(e) and 16(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16(e) or 16(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

19. Amendments and Waivers

- (a) The Issuer and the Agent and/or the Security Agent (as applicable) (in each case acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
- (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 19(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority, to the extent such registration is possible with the rules of the relevant CSD.
- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

20. Appointment and Replacement of the Agent and the Security Agent

20.1 Appointment of Agent and the Security Agent

- (a) By subscribing for Bonds, each initial Bondholder:

- (i) appoints the Agent and the Security Agent to act as its agent and security agent (as applicable) in all matters relating to the Bonds and the Finance Documents, and authorises each of the Agent and the Security Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security and the Guarantees; and
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent and the Security Agent to act on its behalf, as set forth in Clause 20.1(a).
- (c) Each Bondholder shall immediately upon request provide the Agent and the Security Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent or the Security Agent, as applicable), that the Agent or the Security Agent (as applicable) deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. Neither the Agent nor the Security Agent is under any obligation to represent a Bondholder which does not comply with such request.
- (d) The Issuer shall promptly upon request provide the Agent and the Security Agent with any documents and other assistance (in form and substance satisfactory to the Agent or the Security Agent, as applicable), that the Agent or the Security Agent (as applicable) deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (e) Each of the Agent and the Security Agent is entitled to fees for its respective work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's and the Security Agent's respective obligations as Agent and Security Agent (as applicable) under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) Each of the Agent and the Security Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

20.2 Duties of the Agent and the Security Agent

- (a) Each of the Agent and the Security Agent shall represent the Bondholders subject to and in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security pursuant to the Security Documents and the Guarantees pursuant to the Guarantee and Adherence Agreement on behalf of the Bondholders and, where relevant, enforcing the Transaction Security on behalf of the Bondholders. Neither the Agent nor the Security Agent is responsible for the content, valid execution, legal validity or enforceability of the Finance Documents or the perfection of the Transaction Security.
- (b) When acting in accordance with the Finance Documents, each of the Agent and the Security Agent is always acting with binding effect on behalf of the Bondholders. Each of the Agent and the Security Agent shall carry out its duties under the Finance

Documents in a reasonable, proficient and professional manner, with reasonable care and skill.

- (c) Each of the Agent's and the Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Agent and the Security Agent only acts in accordance with the Finance Documents and upon instructions from the Bondholders, unless otherwise set out in the Finance Documents. In particular, neither the Agent nor the Security Agent is acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other Person.
- (d) Neither the Agent nor the Security Agent is obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Finance Documents, or to take any steps to ascertain whether any Event of Default (or any event that may lead to an Event of Default) has occurred. Until it has actual knowledge to the contrary, each of the Agent and the Security Agent is entitled to assume that no Event of Default (or any event that may lead to an Event of Default) has occurred.
- (e) Each of the Agent and the Security Agent is entitled to delegate its duties to other professional parties, but each of them shall remain liable for the actions of such parties under the Finance Documents.
- (f) Each of the Agent and the Security Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
- (g) Each of the Agent and the Security Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent and/or the Security Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default, (ii) a matter relating to the Issuer or the Transaction Security which the Agent and/or the Security Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents or (iii) as otherwise agreed between the Agent and/or the Security Agent and the Issuer. Any compensation for damages or other recoveries received by the Agent and/or the Security 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) Notwithstanding any other provision of the Finance Documents to the contrary, neither the Agent nor the Security Agent is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (i) If in the Agent's or Security Agent's (as applicable) reasonable opinion the cost, loss or liability which it may incur (including its respective reasonable fees) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, or the Bondholders (as applicable), the Agent or the Security Agent (as applicable) 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.

- (j) Unless it has actual knowledge to the contrary, each of the Agent and the Security Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (k) Each of the Agent and the Security Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent or the Security Agent under the Finance Documents or (ii) if it refrains from acting for any reason described in Clause 20.2(i).

20.3 Limited liability for the Agent and the Security Agent

- (a) Neither the Agent nor the Security Agent will be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. Neither the Agent nor the Security Agent shall be responsible for indirect loss.
- (b) Neither the Agent nor the Security Agent shall be considered to have acted negligently if it has acted in accordance with advice addressed to it from or opinions of reputable external experts or if it has acted with reasonable care in a situation when it considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) Neither the Agent nor the Security Agent shall 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 it to the Bondholders, provided that it 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 it for that purpose.
- (d) Neither the Agent nor the Security Agent shall have any liability to the Bondholders for damage caused by it acting in accordance with instructions of the Bondholders given in accordance with the Finance Documents.
- (e) Any liability towards the Issuer which is incurred by the Agent or the Security Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.
- (f) The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or any other Person.

20.4 Replacement of the Agent and the Security Agent

- (a) Subject to Clause 20.4(f), each of the Agent and the Security Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent and/or the Security Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

- (b) Subject to Clause 20.4(f), if the Agent and/or the Security Agent is Insolvent, the Agent and/or the Security Agent (as applicable) shall be deemed to resign as Agent and/or the Security Agent (as applicable) and the Issuer shall within ten (10) Business Days appoint a successor Agent and/or a successor Security Agent (as applicable) which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and/or the Security Agent and appointing a new Agent and/or the new Security Agent (as applicable). The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent and/or the Security Agent be dismissed and a new Agent and/or a new Security Agent (as applicable) be appointed.
- (d) If the Bondholders have not appointed a successor Agent and/or successor Security Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent and/or the Security Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent and/or successor Security Agent (as applicable) which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent and/or the retiring Security Agent (as applicable) shall, at its own cost, make available to the successor Agent and/or the successor Security Agent (as applicable) such documents and records and provide such assistance as the successor Agent and/or successor Security Agent may reasonably request for the purposes of performing its functions as Agent and/or the Security Agent (as applicable) under the Finance Documents.
- (f) The Agent's and the Security Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and/or the successor Security Agent (as applicable) and acceptance by such successor Agent and/or the successor Security Agent (as applicable) of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent and/or the retiring Security Agent (as applicable).
- (g) Upon the appointment of a successor, the retiring Agent and/or the retiring Security 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 and/or the Security Agent (as applicable). Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent and/or the Security Agent.
- (h) In the event that there is a change of the Agent and/or the Security Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent and/or the new Security Agent may reasonably require

for the purpose of vesting in such new Agent and/or the new Security Agent (as applicable) the rights, powers and obligation of the Agent and/or the Security Agent and releasing the retiring Agent and/or the retiring Security Agent (as applicable) from its respective further obligations under the Finance Documents. Unless the Issuer and the new Agent and/or the new Security Agent agrees otherwise, the new Agent and/or the new Security Agent shall be entitled to the same fees and the same indemnities as the retiring Agent and/or the retiring Security Agent (as applicable).

21. Appointment and Replacement of the Issuing Agent

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

22. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security or the Guarantees to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 22(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 20.1(c)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or by any reason described in Clause 20.2(i), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2(k) before a Bondholder may take any action referred to in Clause 22(a).
- (c) The provisions of Clause 22(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 9.4 (*Mandatory repurchase due to a Change of Control Event or Listing Failure Event (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

23. Prescription

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void

three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.

- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*Sw. preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

24. Notices and Press Releases

24.1 Notices

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

24.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.3 (*Voluntary total redemption (call option)*), 11.1(f), 14.11(c), 16(o), 17(a), 18(a) and 19(c) shall also be published by way of press release by the Issuer or the Agent, as applicable.
- (b) In addition to Clause 24.2(a), if any information relating to the Bonds or the Group contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

25. Force Majeure and Limitation of Liability

- (a) None of the Agent, the Security Agent or the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent, the Security Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent, the Security Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 25 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

26. Governing Law and Jurisdiction

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

We hereby certify that the above terms and conditions are binding upon ourselves.

Qred AB (publ)

as Issuer

Name:

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

Nordic Trustee & Agency AB (publ)

as Agent and Security Agent

Name:

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