

**d d m**

## **DDM Debt AB (publ)**

relating to the listing of

**EUR 50,000,000 Senior Secured Fixed Rate Bonds due 2026**

ISIN: SE0015797683

**Sole Bookrunner**



**Prospectus dated 8 October 2021 and valid up until 8 October 2022. The Issuer's obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid.**

## IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by DDM Debt AB (publ) (the "**Issuer**", or the "**Company**" or together with DDM Finance AB (the "**Guarantor**") and its subsidiaries unless otherwise indicated by the context, the "**Group**" or "**DDM**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address, Birger Jarlsgatan 18, 3tr 114 34 Stockholm, Sweden, with reg. no. 559053-6230, in relation to the application for the listing of the senior secured fixed rate bonds denominated in EUR and amounting to EUR 50,000,000 (the "**First Subsequent Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). ABG Sundal Collier ASA acted as sole bookrunner in connection with the issue of the First Subsequent Bonds (the "**Sole Bookrunner**"). The First Subsequent Bonds has been issued under a bond framework of up to EUR 300,000,000, of which EUR 150,000,000 was issued on 21 April 2021 (the "**First Issue Date**") (the "**Initial Bonds**", and together with the First Subsequent Bonds, the "**Bonds**"). 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 and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") as the competent authority under the Regulation. The SFSA 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.

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 44 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

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

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

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

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

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.

## TABLE OF CONTENTS

<b>Risk Factors .....</b>	<b>1</b>
<b>The Bonds in Brief .....</b>	<b>20</b>
<b>Statement of Responsibility .....</b>	<b>25</b>
<b>Description of Material Agreements .....</b>	<b>26</b>
<b>Historical Financial Information .....</b>	<b>37</b>
<b>Terms and Conditions of the Bonds.....</b>	<b>44</b>
<b>Addresses .....</b>	<b>89</b>

## **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" and "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 RELATED TO THE GROUP'S BUSINESS ACTIVITIES AND INDUSTRY**

##### **Coronavirus disease (COVID-19) risks**

The coronavirus ("**COVID-19**") outbreak is currently having an indeterminable adverse impact on the world economy. COVID-19 was reportedly first discovered in Wuhan, Hubei Province, China, in 2019, and the World Health Organization declared COVID-19 a pandemic on 11 March 2020. The COVID-19 outbreak has become a widespread health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, from February to April 2020 the COVID-19 outbreak caused capital markets worldwide to lose significant value and impacted economic activity worldwide. As a result, increased volatility has occurred with respect to, inter alia, securities and currencies. The Group is to a large extent dependent on bank financing and bond financing, and due to the increased uncertainties in the global financial markets the Group's access to available financing may be limited, see "*Economic conditions in the markets in which the Group operates affect the business*". The uncertainties could affect the Group's cash flow, ability to make additional investments and acquisitions and/or refinance its existing debt.

Mandatory and voluntary lockdowns and quarantines decrease economic growth and can further lead to an increased unemployment rate and/or other impacts on the economy as described above, and this could affect the Group's ability to collect payments due to the inability or unwillingness of debtors to make such payments. Furthermore, mandatory and voluntary lockdowns have in some jurisdictions in which the Group operates in resulted in lockdowns of courts, local debt collection agencies and enforcement authorities, which has resulted in, and may continue to result in, delayed debt collecting processes, which could affect the Group's cash flow, financial condition and results of operations. Finally, a substantial part of the Group's investments are made against secured asset portfolios, where certain delays have been experienced and could be experienced in the future. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations. Finally, the trading price of the Bonds may also be adversely affected by the economic uncertainty caused by COVID-19.

### *High level risk*

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

The Group's main business is to acquire distressed loan portfolios. The Group has currently invested in assets located in countries such as Croatia, Austria, Hungary, Slovenia, Czech Republic, Romania, Serbia, Bosnia and Herzegovina, Slovakia and Greece. The Group is hence exposed to risks related to the economic, market and fiscal conditions in the markets in which the Group operates and any negative developments regarding these conditions. If the economy suffers a material and adverse downturn for a prolonged period of time that, in turn, increases the unemployment rate and/or impacts interest rates and the availability of credit, the Group may not be able to perform debt collection at levels consistent with historic levels due to the inability of debtors to make payments, at the same levels or at all, which could have an adverse effect on the Group's financial results. In addition, should the level of inflation increase, the real term carrying value of Group's distressed asset portfolios may decrease which may result in a negative return rate on the Group's investments.

A significant proportion of the distressed loan portfolios in which the Group has invested in consist of underlying assets secured by real estate mortgages. Such portfolios are hereinafter referred to as "secured portfolio". As at 30 June 2021 secured portfolios constituted 75% of the Group's estimated value of remaining debt collections, and therefore the Group is exposed to the risk of volatility in the real estate markets in the countries in which the underlying assets of the secured portfolios are located, being Croatia, Hungary, Slovenia, Serbia, Bosnia and Herzegovina and Greece. The real estate markets across the countries in which the Group operates business is to a large extent affected by macroeconomic factors such as, *inter alia*, general economic development and growth, employment trends, level of production of new premises and residential properties, changes in infrastructure, population growth, inflation and interest rate levels. If one or more of these factors would have a negative development, this could have a material negative impact on the value of the security interest and the underlying assets of the secured portfolios.

Accordingly, if any of the risks mentioned above materialise it could have a material adverse effect on the Group's business, results of operations or financial condition.

### *High level risk*

#### **The asset acquisition industry is competitive**

The Group operates in a fragmented and highly competitive industry and is exposed to both domestic and international competition. The Group may face bidding competition in the acquisition of distressed asset portfolios and believes that successful bids are awarded based on price and a range of other factors including, but not limited to, service, compliance, reputation and relationships with the sellers of distressed asset portfolios. There is a risk that the Group is outbid by competitors which have substantially greater financial resources, less expensive funding or lower return requirements than the Group currently has. Some of the Group's current competitors, and potential new competitors, can also have more effective pricing and collection models, greater adaptability to changing market needs and more established relationships in the industry and geographic markets where the Group operates. If the Group is continuously outbid by dominant competitors, there is a risk that the Group will not be able to develop and expand its business.

If one or several of the abovementioned risks would materialise, it could have a material negative impact on the Group's ability to generate revenue in the future and therefore negatively affect the Group's earnings, cash flow and financial position.

*High level risk*

#### **The Group is exposed to regulatory and compliance related risks**

The Group operates in a variety of jurisdictions and must comply with complex regulations in the jurisdictions in which the Group operates, including, but not limited to, laws and regulations regarding data protection, debt collection, insolvency, consumer protection, debt purchasing and anti-money laundering, sanctions, anti-corruption and terrorist financing at the national and supranational level. The Group is also exposed to risk related to changes to the regulatory or political environments in which the Group operates. Furthermore, the Group has invested in Addiko Bank AG ("**Addiko**") which is a regulated entity requiring regulatory approvals in multiple jurisdictions. Where required, regulatory approvals for the current shareholding have been granted. Further regulatory approvals would be required if the company should want to increase its shareholding. The Group's influence over the entity is a key variable in terms of the accounting treatment of the investment and a change could lead to an impairment of the investment in Addiko.

Compliance with the extensive regulatory framework is expensive and labour intensive. There is a risk that the Group's policies and procedures will not prevent breaches of applicable laws and regulations or that any investigations will not identify such breaches in a timely manner or at all. Failure to comply with applicable laws, regulations and rules, new or amended legislations and regulations, or failure to comply with a contractual compliance obligation, could result in investigations and enforcement actions, licenses that the Group needs to do business not being renewed, being revoked or being made subject to more onerous or disadvantageous conditions, fines or the suspension or termination of its ability to conduct collections. The Group currently has licenses in Hungary for granting credit or leasing financing and for receivable purchasing, and a license in Slovenia for consumer loans. In addition, failure to comply or revocation of a license, or other actions by the Group, may damage the Group's reputation and there is a risk that the Group might have to cease part or all of its business in the relevant country. Furthermore, a failure to comply with applicable laws, regulations or rules, or revocation of a license or any other regulatory action or failure to comply with a contractual compliance obligation could result in fines, penalties and other sanctions and/or the Group being exposed to civil or criminal liability and it could also damage the Group's reputation and affect the Group's relationship with third parties, see "*The Group is dependent on key business relationships and third parties*".

If any of the above-mentioned risks should materialise it could have a material adverse effect on the Group's business and results of operations.

*High level risk*

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

The Group is dependent on the knowledge, experience and commitment of its employees and is dependent on its ability to recruit employees with a high level of competence within the loan

portfolios acquisition industry, for continued development and current ongoing projects. The Group is also dependent on key individuals at management level. There is a risk that the Group loses key individuals, or is unable to retain and attract competent employees and the loss of certain of its key employees or a failure by the Group to recruit, motivate, develop and retain highly skilled employees could lead to higher labour costs, weaker results or other disruptions in the Group's operations, development and the successful growth of its business, which in turn could adversely affect the Group's business and future prospects.

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

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

*Medium level risk*

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

In May 2018 the EU legislation GDPR entered into force. In accordance with the legislation the Group needs to ensure that the personal data processing and other related actions are in compliance with GDPR. The Group processes a large volume of personal data in a number of different jurisdictions in relation to debtors under the loan portfolios, but also in connection with the processing of employee and consultant information, such as for example payroll routines and other matters involving the Group's employees or consultants. The maintenance of systems for personal data processing and actions needed to ensure compliance with GDPR involves costs and can be time consuming for the Group. Since the Group is active in several jurisdictions, the Group must also adapt its operations and keep itself informed of potentially different interpretations of GDPR by the relevant competent data protection authority. The Group further shares personal data with debt collection agencies in connection with the debt collection services commissioned by the Group. There is a risk that third party debt collection agencies fail to comply with GDPR, regardless of their contractual obligations towards the Group, and such failures may result in the Group's reputation being damaged due to its affiliation with the relevant non-compliant debt collection agency. Further, the investigation of a non-compliant debt collection agency may also lead to additional scrutiny from the relevant authorities of the Group's contractual arrangements with the relevant debt collection agency. Sharing personal data with third parties may only be undertaken in accordance with GDPR and there is a risk that additional scrutiny may result in the Group being

found to have been non-compliant with GDPR in sharing personal data with debt collection agencies. Compliance with GDPR and related rules and regulations is important as data processing in breach of GDPR could result in fines amounting to a maximum of EUR 20,000,000 or 4 per cent of Group's global turnover. If the Group fails to comply with GDPR this would have a negative impact on the Group's reputation, business and financial conditions.

*Low level risk*

### **The Group is dependent on key business relationships and third parties**

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

*Medium level risk*

### **Majority owner**

The Issuer is a wholly owned indirect subsidiary of DDM Holding AG. DDM Group Finance S.A. owns 95.2% of DDM Holding AG's issued share capital. As a result, DDM Group Finance S.A. and DDM Holding AG (the "shareholders") have and will continue to have, directly or indirectly, the power to affect the Issuer's legal and capital structure as well as the ability to elect and change the Issuer's board of directors and to approve other changes to the Issuer's operations and to influence the outcome of matters requiring action by the shareholders. The shareholders' interests in certain circumstances may conflict with your interests as bondholders, particularly if the Issuer encounters financial difficulties or is unable to pay its debts when due. 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. The shareholders may also pursue acquisition opportunities that are complementary to the Issuer's business and, as a result, those acquisition opportunities may not be available to the Issuer. The shareholders and their affiliates could also have an interest in pursuing acquisitions, divestitures (including one or more divestitures of all or part of the Issuer's shares which would result in changes to the Issuer's shareholding structure), financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to bondholders. There is nothing that prevents a



shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have a material negative impact on the Group's operations, earnings and financial conditions.

Further, any potential change of control in DDM Holding AG and indirectly the Issuer or a change of control in the Issuer, may result in the Issuer being controlled by a 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. Any new shareholder may also pose the risks referred to above in relation to the current majority shareholder.

*Medium level risk*

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

The Group acquires or invests in loan portfolios and uses internally developed models and input from advisors such as real estate valuation experts to value and price portfolios that the Group considers for purchase and to project the remaining cash flow generation from distressed asset portfolios. There is a risk that the Group will not be able to achieve the recoveries forecasted by the models used to value the portfolios, that the models are not transferable to other types of assets or that the models are flawed. There is a risk that the models will not appropriately identify or assess all material factors and yield correct or accurate forecasts as historical collections may not reflect current or future realities. Further, misjudgements or mistakes could be made when utilising the Group's statistical models and analytical tools. In addition, the Group's statistical models and analytical tools assess information which to some extent is provided by third parties, such as credit agencies, consultants performing asset valuation services, consultants performing audits of for example loan documentation, and other mainstream or public sources, or generated by software products. The Group only has limited control over the accuracy of such information received from third parties. If such information is not accurate, portfolios may be incorrectly priced at the time of purchase, the recovery value for portfolios may be calculated inaccurately, the wrong collection strategy may be adopted and lower collection rates or higher operating expenses may be experienced. Further, historical information about portfolios may not be indicative of the characteristics of subsequent portfolios purchased from the same debt originator or within the same industry due to changes in business practices or economic development. Any of these events would have a material adverse effect on the Group's earnings, cash flow and financial position.

*Medium level risk*

**The Group may make new investments or pursue co-investments that prove unsuccessful and certain investment strategies, including co-investments and joint ventures, may limit the Group's control over particular investments**

The Group has historically invested in consumer and corporate debt portfolios through different types of transaction structures including joint ventures and entire companies. On the date hereof the Group has ownership in two joint ventures companies, being CE Partner S.à .r.l. and CE Holding Invest S.C.S, which constituted 11 per cent of the Group's total assets at 30 June 2021. The Group has further as of the date hereof acquired a 9.9% stake in Addiko Bank AG, which constituted 16 per cent of the Group's total assets at 30 June 2021. If the Group makes co-investments together with third parties or enters into joint ventures with third parties or invests in entities through debt

securities, the ability of the Group to exercise control over these investments may be limited. Further, the interests of the Group's co-investment partners, any persons with which it pursues joint ventures or other shareholders in entities where the Group has invested may conflict with the interests of the Group.

In the future the Group may consider acquiring distressed assets portfolios with other types of underlying assets and/or apply new transaction structures including, but not limited to, acquiring minority interest, other debt securities (including secured loans) or businesses or make investments in certain special purpose vehicles as permitted under the Terms and Conditions ("SPV"), in the Group's current geographical markets or in new markets in which the Group operates. Such investments are exposed to a number of risks and uncertainties including, but not limited to, with respect to collections, ownership, rights, assets, liabilities, taxation, accounting treatment, licenses and permits, legal proceedings, financial resources and other aspects. These risks may be greater, more difficult or more extensive to analyse if the Group acquires new asset types and/or enters into unfamiliar countries or regions. Further, such investments involve risks due to difficulties in integrating operations, models, technology, information technology and hiring competent personnel. Furthermore, an investment in a SPV entails, in addition to the risks involved in an investment in a loan portfolio, risks relating to the capital structure and contractual arrangement of such SPV, including but not limited to, layering of instruments, intercreditor arrangements, lack of perfection actions and valid underlying security, lack of control and ability to influence, exposure to regulatory requirements and applicable insolvency regimes. Any difficulties relating to new investments, to new asset types, entering other markets or applying new transaction structures could require the Group to divert attention or funds from the Group's current core operations, which may affect the ability to generate a return on capital, service financing obligations, purchase portfolios and pursue portfolio acquisitions or other strategic opportunities and may impact the Group's future growth potential. Furthermore, changes in applicable accounting principles, circumstances affecting applicable accounting principles and prevailing interpretation of applicable accounting principles could have an adverse effect on the valuation of the Group's investments and co-investments, which in turn could have an adverse negative affect on the Group's balance sheet and overall financial position. If any of the aforementioned acquisition and investment related risks realise, it could have a material adverse effect on the Group's business, results of operations or financial condition.

*Medium level risk*

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

The Group's core business is to collect debt from acquired asset portfolios and the Group is highly dependent on continuing to find new prospective investments and acquisitions of distressed asset portfolios in order to continue and expand its business in the future, and the availability of distressed asset portfolios to acquire at prices that generate profits depends on a number of factors, see "*The asset acquisition industry is competitive*". If originators choose to rely more heavily on collection agencies, there would be a reduction in the availability of assets that are early in the financial difficulty cycle and have had little or no exposure to collection activity. These "fresher" assets typically have higher collection expectations. If originators were to perform more of their own collections, or were to further outsource collections to collection agencies, the volume of

assets for sale or the quality of assets sold could decrease and, consequently, the Group may not be able to acquire the type and quantity of assets at attractive prices or at prices consistent with its historic return targets. If the Group does not continually replace serviced portfolios with additional portfolios, this could have a material adverse effect on the Group's operations, earnings and financial position.

*Low level risk*

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

Due to the length of time involved in collecting non-performing debt on acquired distressed asset portfolios, which can vary greatly depending on the type of portfolio and underlying assets involved (as of 30 June 2021 69% of the Group's estimated remaining collections are expected to be received within the next three years), the Group may not be able to identify economic trends or make changes in acquiring strategies in a timely manner. This could result in a loss of value in a portfolio after acquisition. Analytical models may not identify changes that originators make in the quality of the distressed asset portfolios that they sell. If the Group overpays for distressed asset portfolios, and thus the value of acquired assets and cash flows from operations are less than anticipated, the Group would have difficulty servicing debt obligations and acquiring new portfolios. Further, if purchased portfolios do not generate expected cash flows over specified time horizons it may be necessary to make downward revaluations and impairments of the portfolios, all of which could have a material adverse effect on the Group's cash flow, earnings or financial condition.

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

Debt collection for consumer portfolios is highly affected by seasonal factors including, but not limited to, the number of work days in a given month, the propensity of debtors to take holidays at particular times of the year and annual cycles in disposable income. Accordingly, collections within portfolios tend to have high seasonal variances, resulting in high variances of margins and profitability between quarters. Furthermore, the Group's debt portfolio purchases are likely to be uneven during the year due to fluctuating supply and demand within the market. In addition, the Group has increased its investments in secured loan portfolios which increases the Group's dependency on fewer, but larger, payments which thereby increases the volatility of the Group's

cash flow. As stated in the Group's unaudited report for the fourth quarter of the financial year 2020, the net collections of the Group were EUR 19,269,000 for the period between January - March, EUR 12,121,000 for the period between April - June, EUR 62,106,000 for the period between July - September and EUR 16,703,000 for the period between October – December. As stated in the Group's unaudited report for the first quarter and second quarter of the financial year 2021, the net collections of the Group were EUR 12,598,000 for the period between January – March and EUR 11,255,000 for the period between April – June.

The combination of seasonal collections, uneven purchases and investments in secured loan portfolios may result in low cash flow at a time when attractive distressed asset portfolios become available. There is a risk that in the future the Group will not be able to obtain interim funding. A lack of cash flow could prevent the Group from purchasing otherwise desirable distressed asset portfolios or prevent the Group from meeting its obligations, e.g. to pay interest under the Bonds, either of which could have a material adverse effect on the Group's business and cash flow or financial condition.

*Medium level risk*

**The international scope of the Group's operations and its corporate and financing structure may expose it to potentially adverse tax consequences**

Changes in tax laws or their interpretation could lead to an increase in the tax liabilities of the Issuer or its subsidiaries and may affect the intended tax treatment of investments. Tax laws may change or be subject to differing interpretations, possibly with retroactive effect, or the relevant tax authority may take a different view, so that the tax consequences of a particular investment or transaction structure may change after the investment has been made and may become subject to withholding taxes or legal entities themselves may become liable to tax, in each case resulting in the Group's after-tax returns being reduced.

Following various initiatives by the OECD (BEPS project), the Issuer and its subsidiaries are subject to increased uncertainty as to any potential tax risk in the jurisdictions in which they are incorporated or resident for tax purposes and in each jurisdiction where their assets are located. If the Issuer or any subsidiary were denied treaty benefits by a relevant jurisdiction, this may have a material and adverse effect on the Group's financial condition, financial returns and results of operations.

The Issuer and its subsidiaries are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions (including Swedish and Swiss tax laws) as a result of the international scope of their operations and corporate and financing structure. The Issuer and its subsidiaries are regularly subject to the examination of their corporate income tax arrangements by the competent tax authorities (particularly with respect to their financing and deductibility of interest at the level of subsidiaries). The Issuer and its subsidiaries are also subject to intercompany pricing laws, including those relating to the flow of funds among companies pursuant to, for example, purchase and service agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on the Group's business, costs and earnings.

The Issuer and its subsidiaries could also fail, whether inadvertently or through reasons beyond their control, to comply with tax laws and regulations relating to the tax treatment of their financing arrangements, which could result in unfavourable tax treatment for such arrangements. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any such intercompany loans or external financing transactions, it could result in the disallowance of deductions, limit the ability to deduct interest expenses, the imposition of withholding taxes, the application of significant penalties and accrued interest on intercompany loans or internal deemed transfers, the application of significant penalties and accrued interest or other consequences that could have a material adverse effect on the Group's business, costs and earnings.

*Medium level risk*

#### **The Group is exposed to the risk of currency fluctuations**

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

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

Historically the exchange rates between some of these currencies and EUR have fluctuated significantly and the Group's local currencies may in the future fluctuate significantly. Consequently, to the extent that foreign exchange rate exposures are not hedged, fluctuations in currencies may adversely affect the Group's financial results in ways unrelated to the operations and could affect the Group's financial statements when the results of its portfolios are translated into EUR for reporting purposes. An appreciation of the euro of 10% in 2020 against the Croatian kuna would have resulted in a decrease in net collections of EUR 1,446,000. Consequently, a depreciation of the euro of 10% in 2020 would have resulted in an increase in net collections of the same amount. Any of these developments could have a material adverse effect on the Group's earnings, costs of operation and financial position.

*Medium level risk*

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

Debtors may become more reluctant to pay their debts in full or at all or become more willing to pursue legal actions against the Group. Print, television or online media may, from time to time, publish stories about the debt collection or asset acquisition industry that may cite specific examples of real or perceived abusive collection practices. These stories can be published on

websites or other media platforms which can lead to the rapid dissemination of the story and increase the exposure to negative publicity about the Group or the industry. In addition, there are websites where debtors may list their concerns about the activities of debt collectors and financial institutions and seek guidance from other users on how to handle the situation. These websites are increasingly providing debtors with legal forms and other strategies to protest collection efforts and to try to avoid their obligations. To the extent that these forms and strategies are based upon erroneous legal information, there is a risk that the cost of collections is increased. Debtor blogs and claims management companies are becoming more common and add to the negative attention given to the industry. Certain of these organisations may also enable debtors to negotiate a larger discount on their payments than the Group would otherwise agree to. As a result of this publicity, debtors may be more reluctant to pay their debts or could pursue legal action against the Group regardless of whether those actions are warranted. These actions could impact the Group's ability to collect on the assets acquired and could have a material adverse effect on the Group's business, costs and earnings.

*Low level risk*

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

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

In addition, due to fraud by a seller, a consultant or an employee, the Group could acquire so-called "phantom portfolios" that have been sold to more than one person or where the assets are not valid, existing and enforceable or the debtor is not an existing person. The Group would not be able to collect on a portfolio to which it has no legal ownership, or would need to spend time and resources establishing its legal ownership of the portfolio if such ownership is uncertain. The internal controls the Group has in place to detect such types of fraud may fail. If the Group is the victim of fraud, it could have an impact on the Group's cash flow or reduce its collections from invested assets, in either case potentially adversely impacting the Group's business, results of operations and prospects.

*Low level risk*

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

The Group recovers on assets that become subject to insolvency procedures under applicable laws, and acquires accounts that are, at the time of the acquisition, subject to insolvency proceedings. Various economic trends and potential changes to existing legislation may contribute to an increase in the number of debtors subject to insolvency procedures. Under some insolvency procedures assets may be sold to repay creditors, but since the non-performing assets may be unsecured, the Group may not be able to collect on those assets and as at 30 June 2021 unsecured portfolios constituted 25% of the Group's estimated remaining collection. The Group's ability to successfully collect on its distressed asset portfolios could decline following an increase in insolvency procedures or a change in insolvency laws, regulations, practices or procedures, see "*The Group is exposed to regulatory and compliance related risks*". If actual collections with respect to a distressed asset portfolio are significantly lower than projected when the Group acquired the portfolio, this would have a material adverse effect on the Group's business, earnings or financial condition.

*Low level risk*

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

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

*Low level risk*

**The Group is exposed to refinancing risk**

The Group's business is as of the date hereof to a large extent funded by bonds and as at 30 June 2021 the Group had EUR 138,400,000 in outstanding debt. The outstanding bond loan and/or an outstanding working capital facility may under certain circumstances set out in their respective terms and conditions, be redeemed or prepaid by the Issuer or accelerated by the bondholders prior to such final maturity date. There is a risk that there will be no correlation in time between collecting on sufficient assets under the Group's portfolios and the maturity of the Group's funding. There is also a risk that financing will not continue to be available to the Group on acceptable terms or at all. The Group may need financing to expand and make new acquisitions or other investments. Therefore, the Group is dependent on the ability to refinance borrowings upon their maturity and there is a risk that the Group will not be able to successfully refinance the bond loan and/or an outstanding working capital facility upon their maturity or only succeeds in securing funding at substantially increased costs, which could have a material adverse effect on the Group's business, results of operations or financial condition.

Further, there is a risk that it will become harder for the group to attract creditors who are willing to provide working capital facilities on favourable and/or acceptable terms for the Group if such facilities are not entered into prior to, or in conjunction with, the bonds issue as creditors may then be required to accede to an intercreditor agreement which they have not negotiated themselves and may hence include provisions which are not satisfactory to their interests. The Issuer's existing revolving credit facility availability period has expired and the Issuer is in negotiation with several potential revolving credit facility providers and has an agreed term sheet, but there is no legal commitment for a renewed revolving credit facility as of the date hereof and the foregoing risk may hence materialize.

*High level risk*

#### **The Group is dependent on future financing on attractive terms and access to capital**

The Group's business model and strategy entails that the Group regularly acquires additional distressed asset portfolios and loan portfolios in existing or new markets. The Group may require additional debt or equity funding to fund growth, respond to competitive pressure or to make acquisitions or other investments. The access to and the terms of such additional financing are affected by a number of factors including, but not limited to, successful collection on current distressed asset portfolios, terms and conditions of the Group's financing arrangements and related security arrangements, the general availability of capital and the Group's credit worthiness and credit capacity. Disruptions and uncertainty in the credit and capital markets may also limit access to additional capital. A limited availability of credit and limitations in access to financial and capital markets, combined with rising credit costs, may slow down, deteriorate, or even prevent the growth and further expansion of the Group entirely. Should the Group become unable to secure additional funding, or only succeeds in securing additional funding on unfavorable terms, it could have a material adverse effect on the Group's business, competitiveness and prospects.

*High level risk*

#### **Litigation may negatively affect the Group's business**

The Group may be adversely affected by judgments, settlements, unanticipated costs or other effects of legal and administrative proceedings that may be instituted, especially in relation to consumer credit disputes which are considered normal in the course of the Group's operations when debt collecting. If legal proceedings are adversely decided on the Group or prolonged over time, the Group risks that debt collection returns need to be written down, which may have a material adverse effect on the Group's cash flow and financial condition. In some proceedings, the claimant may seek damages as well as other remedies, which, if granted, would require expenditures and may ultimately incur costs relating to these proceedings that could exceed the Group's present or future financial accruals or insurance coverage.

*Medium level risk*

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



The Group currently has investments mainly in Croatia, Austria, Hungary, Slovenia, the Czech Republic, Romania, Serbia, Bosnia and Herzegovina and Greece and the percentage of book value of investments by country as at 30 June 2021 is 60% in Croatia, 26% in Austria, 5% in Hungary, 5% in Romania, 2% in Slovenia and 2% in Czech Republic and other. The Group's business is subject to local risks due to the operations in multiple Southern, Central and Eastern European markets including, but not limited to, multiple national and local regulatory and compliance requirements relating to labour, licensing requirements, consumer credit, data protection, anti-corruption, anti-money laundering and other regulatory regimes, potential adverse tax consequences, antitrust regulations, an inability to enforce remedies in certain jurisdictions and geopolitical and social conditions in certain sectors of relevant markets. Consequently, there could be unforeseen risks and there may be unanticipated obstacles negatively affecting the Group. Hence, there is a risk that the Group invests time and financial resources in expansion strategies which turn out not to be successful, which could have an adverse effect on the Group's business, results of operations and financial conditions.

Furthermore, when entering new markets the Group could face additional risks including, but not limited to, incurring start-up losses for several years due to lower levels of business, ramp up and training costs, the lack of expertise in such markets, the lack of adequate and available management teams to monitor these operations, unfavourable commercial terms and difficulties in maintaining uniform standards, control procedures and policies. The Group may experience significant strains on its managerial, operational and financial resources associated with the hiring and training of new employees, and the development and management of business functions and relationships with clients. Any negative impact caused by the foregoing risks could have a material adverse effect on the Group's business, results of operations or financial condition. In addition, if the Group expands into new jurisdictions, the business will be subject to applicable laws, regulations and any licensing requirements in such new jurisdictions, which may be different or more stringent than the jurisdictions in which the Group currently operates.

*Medium level risk*

## **RISKS RELATING TO THE BONDS**

### **RISK RELATED TO THE NATURE OF THE BONDS**

#### **Credit risks relating to the Bonds and ability to service debt under the Bonds**

Investors in the Bonds assume a credit risk towards the Company and indirectly the Group. An investor's prospects of receiving payment under the Bonds is therefore dependent upon the Company'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 credit risk and 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". One such aspect of credit risk is that there is a risk that a deteriorating financial position of the Group will force the Group to refinance the Bonds instead of redeeming them with cash generated by the Group, as described under Section "Refinancing risks" above. The Company'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 access any of these sources of capital on satisfactory terms, or at all. In case of a deteriorating financial position of the Group, this will reduce the Group's ability to receive debt financing at the time of the maturity of the Bonds. Should any of the above risks materialise, this would have a significant negative effect on the Group's operations, earnings, results and financial position.

Furthermore, 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' market value negatively. If the Company 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.

*Medium level risk*

### **Risks related to early redemption**

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

*Medium level risk*

### **Put option**

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put option) if any person or group of persons, other than (i) DDM Group Finance S.A, reg. no. B214693, or any affiliate of DDM Group Finance S.A to whom the entire (direct or indirect) shareholding in the Issuer of DDM Group Finance S.A is transferred, or (ii) a special purpose acquisition company, provided that following the listing of the shares in the special purpose acquisition company no person or group of persons acting in concert acquires control over the Issuer, acting in concert acquires control over the Issuer, in each case where "control" means (A) controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or (B) the right to directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

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 relating to security and enforcement of security**

### **Risks relating to the transaction security**

Although the obligations under the Bonds are secured by first priority pledges over the shares in the Issuer and in the Issuer's material direct Swiss subsidiary DDM Invest III AG (reg. no. CHE-115.238.947), it is not certain that the proceeds of any enforcement of the relevant security would be sufficient to satisfy all amounts then owed to the bondholders. There is further a risk that the transaction security granted will be insufficient in respect of any of the Issuer's obligations under the Bonds due to provisions regarding financial assistance, corporate benefit or other limitations of pledge pursuant to the applicable laws of the relevant security provider, being Swedish law and Swiss law at the date of this Prospectus.

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

The bondholders are represented by Nordic Trustee & Agency AB (publ) as security agent (the "**Security Agent**") in all matters relating to the transaction security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security. Further, the transaction security might be subject to certain hardening periods during which times the bondholders do not fully, or at all, benefit from the transaction security.

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

*Medium level risk*

### **Risks relating to enforcement of the transaction security**

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

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*

### **Risks related to intercreditor arrangements**

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

If the outstanding obligations of the Group towards other secured creditors than the bondholders increase, there is a risk that the security position of the bondholders is impaired. Furthermore, there is a risk that the security will not at all times cover the outstanding claims of the bondholders and the other secured creditors.

The proceeds from an enforcement of the transaction security will be applied in accordance with the terms of the Intercreditor Agreement pursuant to which certain fees to, *inter alios*, the Security Agent as well as certain costs and indemnifications will be paid by the Security Agent before applying proceeds to the Bondholders and the other secured parties. The proceeds of an enforcement of transaction security will be applied in accordance with the terms of the Intercreditor Agreement pursuant to which the super senior creditors (if any) will be paid by the Security Agent before applying proceeds to the Bondholders which will be shared pro rata with the creditors of any new debt incurred by the Issuer in accordance with the Intercreditor Agreement. There is a risk that the enforcement proceeds will not be sufficient in order for the Issuer to satisfy the holders of the Bonds and the rights of the holders of the Bonds to receive payments of the enforcement proceeds from the transaction security as there are certain other creditors that will be paid of the enforcement proceeds before applying the proceeds to the bondholders and repay any outstanding amount and accrued interest under the Bonds in accordance with the provisions of the Intercreditor Agreement.

*Medium level risk*

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

All revenues of the Group are generated in the subsidiaries or the associated companies of the Issuer. The subsidiaries and the associated companies are legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. The ability of the subsidiaries and the associated companies to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and legal restrictions (e.g. limitations on value transfers). Should the Issuer not receive sufficient income from its subsidiaries,

the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

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

*Medium 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, there is a risk that such enforcement materially and adversely affects the Group's assets, operations and, ultimately, the financial position of the bondholders.

*Low level risk*

## **RISK RELATING TO THE BONDHOLDERS' RIGHTS AND REPRESENTATION**

### **The rights of bondholders depend on the Agent's actions and financial standing**

By subscribing for, or accepting the assignment of, any Bond, each holder of a Bond has accepted the appointment of the Agent (being on the date of this Prospectus Nordic Trustee & Agency AB (publ)) to act on its behalf and to perform administrative functions relating to the Bonds. The Agent has, among other things, the right to represent the bondholders in all court and administrative proceedings in respect of the Bonds. However, the rights, duties and obligations of the Agent as the representative of the holders of the Bonds are subject to the provisions of the Terms and Conditions, and there is no specific legislation or market practice in Sweden (under which laws the Terms and Conditions are governed) which would govern the Agent's performance of its duties and obligations relating to the Bonds. There is a risk that a failure by the Agent to perform its duties and obligations properly or at all will adversely affect the enforcement of the rights of the bondholders.

The Agent may 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 the successor Agent would breach its obligations under the above documents or that insolvency proceedings would be initiated against it.

There is a risk that materialisation of any of the above risks will have a material adverse effect on the enforcement of the rights of the holders of the Bonds and the rights of the holders of the Bonds to receive payments under the Bonds.

*Low level risk*

## 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.

<b>Issuer</b>	DDM Debt AB (publ).
<b>Bonds Offered</b>	<p>At the date of this Prospectus, an aggregate amount of (i) Initial Bonds of EUR 150,000,000 have been issued on the First Issue Date and (ii) First Subsequent Bonds of EUR 50,000,000 have been issued on the First Subsequent Issue Date.</p> <p>The aggregate amount of the bond loan will be an amount of up to a maximum of EUR 300,000,000. The Issuer may choose to issue the remaining amount of Bonds at one or more subsequent dates.</p> <p>This Prospectus has been prepared solely for the purpose of the admission of trading of the EUR 50,000,000 First Subsequent Bonds issued on the First Subsequent Issue Date of 21 September 2021.</p>
<b>Number of Bonds</b>	<p>At the date of this Prospectus 1,500 Bonds have been issued on the First Issue Date and 500 Bonds have been issued on the First Subsequent Issue Date.</p> <p>This Prospectus solely relates to the admission to trading of the 500 Bonds issued on the First Subsequent Issue Date of 21 September 2021.</p> <p>Maximum of 3,000 Bonds can be issued at one or more subsequent dates.</p>
<b>ISIN</b>	SE0015797683.
<b>First Subsequent Issue Date</b>	21 September 2021.
<b>Issue Price of the First Subsequent Bonds</b>	All bonds issued on the First Subsequent Issue Date have been issued on a fully paid basis at an issue price of 102 per cent. of the Nominal Amount. The issue price of the Subsequent Bonds may be at a discount or at a premium compared to the Nominal Amount.
<b>Interest Rates</b>	Interest on the Bonds will be paid at a fixed rate of 9.00 per cent. per annum.
<b>Interest Payment Dates</b>	19 April and 19 October of each year commencing on 19 October 2021. Interest will accrue from (but excluding) 19 April 2021.
<b>Nominal Amount</b>	The Bonds will have a nominal amount of EUR 100,000 and the minimum permissible investment in the Bonds is EUR 100,000.

## Status of the Bonds

The Bonds are denominated in EUR and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.

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

- will at all times rank (i) without any preference among them and (ii) at least pari passu with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except (A) those obligations which are mandatorily preferred by law and (B) the super senior ranking of the Super Senior Debt in accordance with the Intercreditor Agreement;
- are guaranteed by the Guarantor (as defined below);
- are effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness; and
- are structurally subordinated to any existing or future indebtedness of the subsidiaries of the Issuer, including obligations to trade creditors.

## Guarantee

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

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

## Ranking of the Guarantees

The Guarantee of the Guarantor is a general obligation of the 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;
- ranks senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to such Guarantee; and
- is effectively subordinated to any existing or future indebtedness or obligation of such Guarantor that is secured by property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness.

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

## Security

The Bonds, together with obligations under the Senior Finance Documents (as defined in the Intercreditor Agreement) are secured



by security interests granted on an equal and rateable first-priority basis over the share capital of certain Group Companies and other assets of the Group. See the definition of "Security Documents" in Clause 1.1 (Definitions) of the Terms and Conditions.

**Call Option**

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

**Call Option Amount**

Call Option Amount means:

- (a) any time from and including the First Issue Date to, but excluding, the First Call Date at an amount per Bond equal to the sum of (i) 104.50 per cent. of the Nominal Amount together with accrued but unpaid Interest and (ii) the remaining interest payments calculated in accordance with Clause 9.3(c), up to, but excluding, the First Call Date;
- (b) any time from and including the First Call Date to, but excluding, the first Business Day falling 44 months after the First Issue Date at an amount per Bond equal to 104.50 per cent. of the Nominal Amount together with accrued but unpaid Interest;
- (c) any time from and including first Business Day falling 44 months after the First Issue Date to, but excluding, the first Business Day falling 52 months after the First Issue Date at an amount per Bond equal to 102.25 per cent. of the Nominal Amount together with accrued but unpaid Interest; and
- (d) any time from and including the first Business Day falling 52 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.

**First Call Date**

Means the date falling 36 months after the First Issue Date.

**Final Maturity Date**

Means 19 April 2026 (five years after the First Issue Date).

**Change of Control**

Should a Change of Control Event occur, each bondholder shall have a right to request prepayment (put option) of the Bonds at a price of 101 per cent. of the Nominal Amount (plus accrued and unpaid interest) during a period of 30 days following the notice of a Change of Control Event (the "exercise period") (after which time period such rights lapse). The repurchase date shall occur within 40 Business Days after the end of the exercise period.

**Change of Control Event**

The occurrence of an event or series of events whereby any person or group of persons, other than:

- (a) DDM Group Finance S.A, reg. no. B214693, or any Affiliate of DDM Group Finance S.A to whom the entire (direct or indirect)

shareholding in the Issuer of DDM Group Finance S.A is transferred; or

- (b) a special purpose acquisition company, provided that following the listing of the shares in the special purpose acquisition company no person or group of persons acting in concert acquires control over the Issuer,

acting in concert acquires control over the Issuer, in each case where "control" means (i) controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer; or (ii) the right to directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

#### **Certain Covenants**

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

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

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

- the Equity Ratio is at least 20.00 per cent.; and
- Net Interest Bearing Debt to ERC does not exceed 75.00 per cent.

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

#### **Use of Proceeds**

The Issuer shall use the proceeds from the First Subsequent Bond Issue to (i) to finance general corporate purposes (including investments and acquisitions) and (ii) finance Transaction Costs.

The proceeds from any Subsequent Bond Issue shall be used to (i) finance general corporate purposes (including investments and acquisitions) and (ii) finance Transaction Costs.

#### **Transfer Restrictions**

The Bonds are freely transferable but the bondholders may be subject to purchase or transfer restrictions with regard to the Bonds,

as applicable, under local laws to which a bondholder may be subject. Each bondholder must ensure compliance with such restrictions at its own cost and expense.

<b>Listing</b>	Application will be made to list the 500 Bonds, issued on the First Subsequent Issue Date, on Nasdaq Stockholm. The earliest date for admitting the 500 First Subsequent Bonds to trading on Nasdaq Stockholm is on or about 8 October 2021.
<b>Agent</b>	Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879.
<b>Security Agent</b>	Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879.
<b>Issuing Agent</b>	ABG Sundal Collier ASA.
<b>Governing Law of the Bonds</b>	Swedish law.
<b>Governing Law of the Intercreditor Agreement</b>	Swedish law.
<b>Governing Law of the Guarantee Agreement</b>	Swedish law.
<b>Risk Factors</b>	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

## **Statement of Responsibility**

The issuance of the First Subsequent Bonds was authorised by resolutions taken by the board of directors of the Issuer on 6 September 2021, and was subsequently issued by the Issuer on 21 September 2021. 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.

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.

8 October 2021

DDM Debt AB (publ)

*The board of directors*

## Description of Material Agreements

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

### Guarantee and Adherence Agreement

The Guarantor as guarantor, the Issuer as company and Nordic Trustee & Agency AB as security agent have entered into a guarantee and adherence agreement with the Security Agent dated 6 May 2021 (the "**Guarantee and Adherence Agreement**"), pursuant to which the Guarantor has agreed to jointly and severally guarantee the Group's obligations as follows:

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

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

### Intercreditor Agreement

The Issuer as company, the Guarantor as original shareholder creditor, the Issuer, DDM INVEST III AG and DDM Debt Management DOO Beograd-Savski Venac as original ICA group companies, Nordic Trustee & Agency AB (publ) as original bonds agent and original security agent have entered into an intercreditor agreement dated 6 May 2021 (the "**Intercreditor Agreement**").

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

The senior ranking provides for sharing of the same security package but with a waterfall priority in relation to any enforcement proceeds, in accordance with Clause 14 (*Application of Recoveries*) of the Intercreditor Agreement. Pursuant to the waterfall provision, the Senior Creditors (as defined

therein) (including the bondholders under the Bonds) will only receive proceeds upon enforcement actions (including proceeds received in connection with bankruptcy or other insolvency proceedings or any other Enforcement Action (as defined therein)) after the obligations towards the Security Agent, the Issuing Agent, the Bonds Agent and the Super Senior Creditors (including the provider of the Revolving Facility) (each as defined therein) have been repaid in full.

### **Management Agreement**

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

## DESCRIPTION OF THE GROUP

### History and development

DDM Debt AB (publ) was incorporated on 24 February 2016 and is a Swedish public limited liability company operating under the laws of Sweden and registered with the Swedish Companies Registration Office with reg. no. 559053-6230. The Issuer's LEI code is 54930025IJOR7QM5RO96.

The registered office of the Issuer is Birger Jarlsgatan 18, 3tr 114 34 Stockholm, Sweden, and the Issuer's headquarters is located at Birger Jarlsgatan 18, 3tr 114 34 Stockholm, Sweden, with telephone number +46 70 861 8166. The website of the Issuer is <https://www.ddm-group.ch/investors/ddm-debt-ab-publ>. 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 Issuer, adopted on 27 May 2020, the objectives of the Issuer are to directly or indirectly manage, acquire or invest in credits and/or loan portfolios, to on-lend or invest funds in group companies who directly or indirectly manage, acquire or invest in credits and/or loan portfolios and conduct related activities, to incur financing for its business and to conduct related activities.

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

### Business and operations

#### *Business model*

The Group is a specialized multinational investor and manager of non-performing loans ("**NPL**"). The Group is furthermore specialized in special situations such as the investments made historically in Hungary and Greece, investing in Southern, Central and Eastern Europe ("**SCEE**"). The collection process in the case of secured NPLs is primarily outsourced to the servicer AXFina Holding S.A. ("**AxFina**") which is mainly owned by DDM Group Finance S.A and to third-party collection agencies for unsecured consumer portfolios. AxFin offers portfolio servicing, business process outsourcing, and digital banking solutions to financial institutions and sponsors. Currently, AxFin has more than EUR 2.5 billion assets under management, 120 employees and operates in 7 countries. As a result of the Group outsourcing the collection process, the Group can select the best-suited collection agency for a specific group of receivables and access a platform for the collection of certain larger secured receivables to ensure increased control and to enable the Group to be closer to the market. This set-up allows for flexibility and agility when evaluating and managing different distressed assets. In addition, it promotes increased profitability as claims can be reallocated between agencies to optimise collection returns. The outsourced collection process is closely monitored in order to optimize the conversion level within the required cost budget and time frame.

Sellers of NPLs and other assets within the special situation category are primarily financial institutions, typically international banks with presence in several countries in SCEE. The Group has established relationships with sellers throughout the industry and the SCEE market and as the Group is able to take on a leading position, the Group benefits from repeat business as well as access to financial co-investors. Co-investment structures with third parties are opportunities for the Group to grow and gain access to investments in larger NPL portfolios across the SCEE market, whilst sharing the risks and returns with the co-investment partner.

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

Secured distressed assets portfolios are underwritten on an itemised basis where the most significant items are valued by external appraisers coordinated by the Group's transaction team. The Group processes the analysis supplied by external providers in order to price secured portfolios. Key to the collection strategy of secured portfolios is the cooperation with the Group's service provider AxFina.

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

#### *Operations and processes*

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

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

#### Asset acquisition process

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

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

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



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

#### Portfolio management process

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

- *Referral:* As the Group outsources part of the collections process it can select a collection agency suitable for collection of a particular asset. Stemming from its geographic focus on Southern, Central and Eastern Europe and early presence in some of these markets, the Group has strong relationships with collection agencies in its markets and knows their relative strengths. Examples of selection criteria of a collection agency include size, age, type and geography of the acquired asset portfolio.
- *Monitoring:* If a portfolio has been placed with an external collection agency or AxFina, the Group monitors the collection performance, in order to optimise the conversion level within the required cost budget and time frame. A daily data file with actions taken is delivered by the external collection agencies to the Group, which could trigger an immediate action from the Group's side if there is a deviation from the plan.

An additional level of control includes scheduled on-site visits and impromptu visits to ensure the highest level of quality of the Group's partner agencies. These visits normally include various evaluation aspects, carefully selected and refined by the DDM Holding Group (as defined in the Terms and Conditions) over the course of the past 14 years.

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

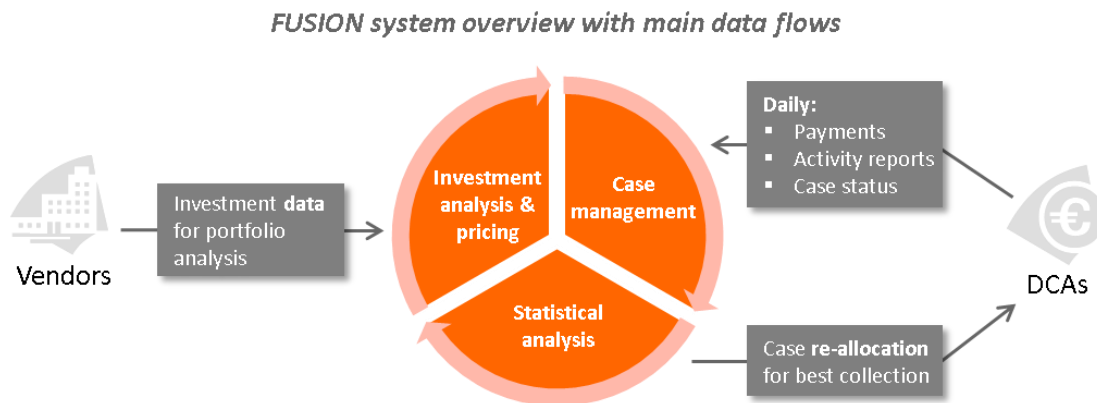
#### IT system

The Group uses the IT system FUSION which integrates investment-, case-, payment- and activity-data into one comprehensive IT solution. FUSION mirrors the Group's business model and provides an innovative processing solution in which data is stored and analysed on a granular level. The Group estimates that FUSION, as of today, includes over 2.4 million cases which have a total gross collection value of over EUR 4 billion as of acquisition date in its database.

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

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

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



## Business model and market overview

The Group is active in the distressed assets industry, with a focus on NPLs and special situations. The business consists primarily of the acquisition of loan portfolios from financial institutions and collection of the debt outstanding. The Group has also acquired a 9.9% minority stake in Addiko Bank AG.

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

The second category is distressed consumer debt, i.e. debt held against consumers that for some reason is not fully and/or promptly served. The traditional way for a company that holds such debt has been to give an assignment to a collection company. The collection company would then, acting

as an agent, attempt to collect as much as possible and for this service charge a commission based on the collected amount.

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

### **Share capital and ownership structure**

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

The shares of the Guarantor are denominated in EUR. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Guarantor had an issued share capital of EUR 5,629 divided into 500 shares and the Guarantor is wholly owned by DDM Group AG, a company duly incorporated under the laws of Switzerland, which is in turn wholly-owned by DDM Holding AG.

DDM Holding AG, a company duly incorporated under the laws of Switzerland with its shares listed on Nasdaq First North Growth Market in Stockholm, Sweden, is the ultimate shareholder of the Issuer, the Guarantor and the Group. DDM Group Finance S.A owns and controls 95.2% of the capital and votes of DDM Holding AG, and the shares of DDM Group Finance S.A are ultimately held by trusts attributable to Erik Fällström (90.66%) and Andreas Tuczka (9.34%).

### **Shareholders' agreements**

Neither the Issuer nor the Guarantor are 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 or the Guarantor.

### **Overview of Group structure**

On the date of this Prospectus, the Issuer has three direct, wholly-owned subsidiaries and one direct subsidiary which is 99% owned with the remaining 1% held by another direct wholly-owned subsidiary. The Issuer also has two indirect, wholly-owned subsidiaries.

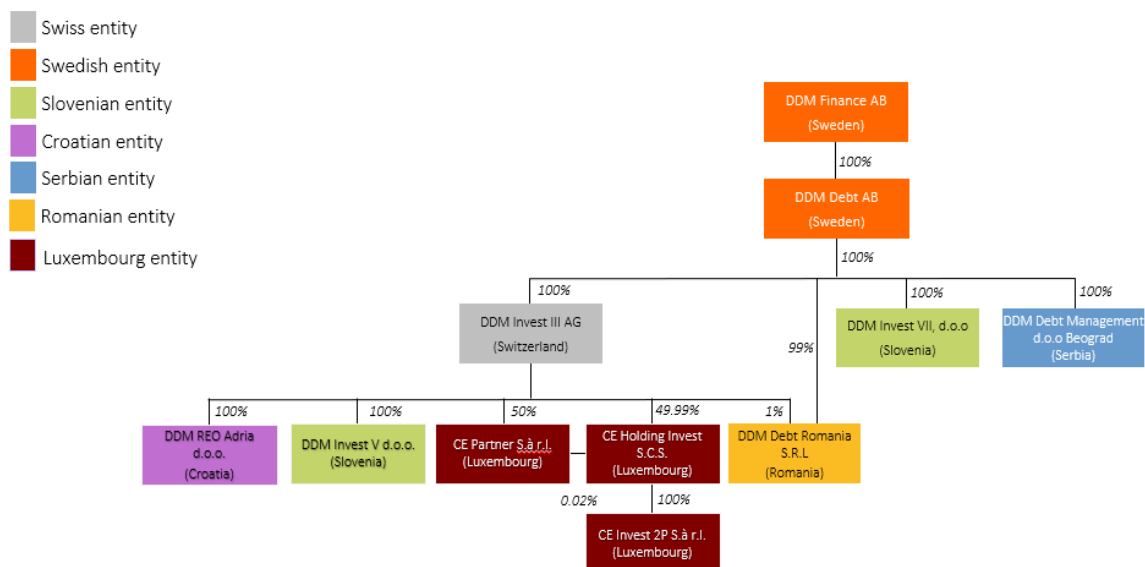
Operations are conducted by the subsidiaries and the Issuer is thus dependent on its subsidiaries to generate revenues and profit in order to be able to fulfil its payment obligations under the Bonds.

The Issuer also has an indirect 50% ownership in CE Partner S.à r.l. and CE Holding Invest S.C.S through a joint venture with B2Holding.

The Issuer also has a minority stake of 9.9% ownership in Addiko Bank AG through its subsidiary DDM Invest III AG.

The Guarantor has one direct and wholly owned subsidiary, being the Issuer.

#### Group structure chart



#### **Recent events**

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

#### **Significant change and trend information**

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

#### **Legal and arbitration proceedings**

Neither the Group nor the Guarantor 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 or the Guarantor's financial position or profitability. Nor is the Issuer or the Guarantor aware of any such proceedings which are pending or threatening and which could lead to the Issuer, the Guarantor or any member of the Group becoming a party to such proceedings.

#### **Credit rating**

The Issuer has been assigned rating "B" with stable outlook by Fitch Ratings ("**Fitch**") and S&P Global Ratings ("**S&P**"). Fitch and S&P are established in the European Union and have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Bonds have also been assigned rating "B" by Fitch and S&P.

## **MANAGEMENT**

### **BOARD OF DIRECTORS OF THE ISSUER**

On the date of this Prospectus the board of directors of the Issuer consisted of four 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 Birger Jarlsgatan 18, 3tr 114 34 Stockholm, Sweden. Further information on the members of the board of directors and the senior management is set forth below.

#### **Board of directors**

##### ***Jörgen Durban, chairman of the board since 2019.***

Education: LL.M., Stockholm University.

Current commitments: Chairman of the board of directors of Anoto Group AB, Nordiska Kreditmarknadsaktiebolaget (publ), Advokat Jörgen Durban AB, OmniOne S.A and DDM Holding AG.

##### ***Joachim Cato, member of the board since 2019.***

Education: M.Sc in Business and Economics, Växjö University and Oxford Brookes University.

Current commitments: Director of Fund Administration EDC Advisors Ltd, member of the boards of directors of DDM Group Finance S.A, DDM Holding AG, TMS Bond TopCo Limited, TMS Bond UKholdco Ltd, Omnio Holding Sarl, Omnio Sarl and Chronos Investment Sarl, Omnione S.A and TLNT Holdings S.A.

##### ***Erik Fällström, member of the board since 2017.***

Education: Stockholm School of Economics.

Current commitments: Chairman of AEDC Capital Limited and EDC Advisors Ltd, member of the boards of directors of DDM Holding AG, Omnio London Limited, Sivers Semiconductors AB and TLNT Holdings S.A.

##### ***Andreas Tuczka, member of the board since 2021.***

Education: PhD and Masters degree in Laws, the University of Vienna.

Current commitments: Managing Director and Co-Founder of AEDC Capital, non-executive Director & Chairman of AxFin Holding S.A. and member of the boards of directors of DDM Holding AG, Omnione S.A, Aldridge Capital Partners GmbH and AEDC Capital Ltd.

## **BOARD OF DIRECTORS OF THE GUARANTOR**

The entity providing unconditional and irrevocable guarantee for the obligations under the Terms and Conditions is detailed below. The Guarantor may be contacted through the address of the Issuer.

### **DDM Finance AB**

DDM Finance AB, is a Swedish limited liability company operating under the laws of Sweden with reg. no. 559053-6214 with its registered office at Birger Jarlsgatan 18, 3tr 114 34 Stockholm, Sweden. In accordance with the articles of association of DDM Finance AB, adopted on 27 May 2020, the objects of the company are to directly or indirectly manage, acquire or invest in credits and/or loan portfolios, to on-lend or invest funds in group companies who directly or indirectly manage, acquire or invest in credits and/or loan portfolios and conduct related activities, to incur financing for its business and to conduct related activities.

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

Information on the members of the board of directors of DDM Finance AB is set forth below.

#### ***Jörgen Durban, chairman of the board since 2019.***

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

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

#### ***Joachim Cato, member of the board since 2019.***

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

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

#### ***Florian Nowotny, member of the board since 2021.***

Education: Wirtschaftsuniversität Vienna, MBA at INSEAD.

Current commitments: Chief Executive Officer of DDM Holding AG, managing Director of NFE Unternehmensberatungs GmbH and non-executive director of Malta International Airport p.l.c.

## **MANAGEMENT OF THE ISSUER AND THE GUARANTOR**

### ***Florian Nowotny, Chief Executive Officer***

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

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

### ***Fredrik Olsson, Chief Financial Officer***

Education: B.Sc. in Accounting and Finance, University of Lund.

Current commitments: Chief Financial Officer of DDM Holding AG.

### ***Alessandro Pappalardo, Chief Investment Officer***

Education: Bocconi University, Milan.

Current commitments: Chief Investment Officer of DDM Holding AG.

## **Conflicts of interest within administrative, management and control bodies**

Some members of the board of directors and management have private interests in the Issuer and the Guarantor by their holding of shares in the Issuer's indirect parent company. 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 or the Guarantor, 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 and the Guarantor.

## **Interest of natural and legal persons involved in the issue**

ABG Sundal Collier ASA have engaged in, and the Sole Bookrunner and/or their affiliates 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 Sole Bookrunner and/or their affiliates having previously engaged in, or engaging in the future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## Historical Financial Information

### Historical financial information

The Group's consolidated financial statements for the six months ended 30 June 2021, financial year ended 31 December 2020 and the figures for the financial year ended 31 December 2019 and the Guarantor's unconsolidated financial statements for the financial year ended 31 December 2020 and the figures for the financial year ended 31 December 2019 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. All such information is available on the Company's website, <https://www.ddm-group.ch/investors/ddm-debt-ab-publ/financial-reports>. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Prospectus.

The Group's consolidated financial statements for the six months ended 30 June 2021, financial years ended 31 December 2020 and 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU as well as in accordance with RFR 1 Supplementary Accounting Principles for Groups and the Annual Accounts Act. The Guarantor's unconsolidated financial statements for the financial years ended 31 December 2020 and 31 December 2019 have been prepared in accordance with the Annual Accounts Act (ÅRL 1995:1554) and RFR 2 Accounting for Legal Entities and applicable statements. This means that IFRS as adopted by the European Union, has been applied along with the exceptions and supplements in RFR 2 to the standards issued by IASB and interpretations thereof issued by IFRIC.

Other than the auditing of the Group's consolidated financial statements for the financial year ended 31 December 2020 and for the financial year ended 31 December 2019 and the Guarantor's unconsolidated financial statements for the financial year ended 31 December 2020 and for the financial year ended 31 December 2019, the Group's or the Guarantor's auditor has not audited or reviewed any part of this Prospectus.

The Group's consolidated financial statements for the six months ended 30 June 2021 are incorporated into this Prospectus by reference.<sup>1</sup> For particular financial figures, please refer to the pages set out below:

- consolidated income statement, page 5;
- consolidated balance sheet, page 6;
- consolidated cash flow statement, page 7;
- consolidated statement of changes in equity, page 8; and
- notes, pages 13 – 20.

---

<sup>1</sup> The financial report is available at: <https://d39xr7ireu4fgp.cloudfront.net/accounts/12633/files/611.pdf?t=qwzsjt>.



The Group's consolidated financial statements for the financial year ended 31 December 2020 are incorporated into this Prospectus by reference.<sup>2</sup> For particular financial figures, please refer to the pages set out below:

- consolidated income statement, page 21;
- consolidated balance sheet, page 22;
- consolidated cash flow statement, page 23;
- consolidated statement of changes in equity, page 24;
- notes, pages 29 – 58; and
- the audit report, pages 64-69.

The Group's consolidated financial statements for the financial year ended 31 December 2019 are incorporated into this Prospectus by reference.<sup>3</sup> For particular financial figures, please refer to the pages set out below:

- consolidated income statement, page 12;
- consolidated balance sheet, page 13;
- consolidated cash flow statement, page 14;
- consolidated statement of changes in equity, page 15;
- notes, pages 20 – 48; and
- the audit report, pages 54 - 58.

The Guarantor's unconsolidated financial statements for the financial year ended 31 December 2020 are incorporated into this Prospectus by reference.<sup>4</sup> For particular financial figures, please refer to the pages set out below:

- unconsolidated income statement, page 7;
- unconsolidated balance sheet, page 8;
- unconsolidated cash flow statement, page 9;
- unconsolidated statement of changes in equity, page 10;
- notes, pages 11 – 17; and
- the audit report, pages 19 - 20.

---

<sup>2</sup> The financial report is available at: <https://d39xr7ireu4fgp.cloudfront.net/accounts/12633/files/578.pdf?t=qpv5up>.

<sup>3</sup> The financial report is available at: <https://d39xr7ireu4fgp.cloudfront.net/accounts/12633/files/540.pdf?t=q7ubrh>.

<sup>4</sup> The financial report is available at: <https://d39xr7ireu4fgp.cloudfront.net/accounts/12633/files/580.pdf?t=qpv5x8>.

The Guarantor's unconsolidated financial statements for the financial year ended 31 December 2019 are incorporated into this Prospectus by reference.<sup>5</sup> For particular financial figures, please refer to the pages set out below:

- unconsolidated income statement, page 7;
- unconsolidated balance sheet, page 8;
- unconsolidated cash flow statement, page 9;
- unconsolidated statement of changes in equity, page 10;
- notes, pages 11 – 17; and
- the audit report, pages 19 - 20.

## **Auditing of the annual historical financial information**

### **The Group**

The Company's consolidated financial statements for the years ended 31 December 2019 and 31 December 2020 have been audited by Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 21 Stockholm, Sweden. Öhrlings PricewaterhouseCoopers AB has been the Company's auditor since 2016, and was re-elected for an additional year at the latest annual general meeting. Sussanne Sundvall is the auditor who is responsible for the Group. Sussanne Sundvall is an authorised auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

The audit of the consolidated financial statements was conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden and the audit reports were submitted without comment.

### **The Guarantor**

The Guarantor's unconsolidated financial statements for the years ended 31 December 2019 and 31 December 2020 have been audited by Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 21 Stockholm, Sweden. Öhrlings PricewaterhouseCoopers AB has been the Guarantor's auditor since 2016, and was re-elected for an additional year at the latest annual general meeting. Sussanne Sundvall is the auditor who is responsible for the Guarantor. Sussanne Sundvall is an authorised auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

The audit of the unconsolidated financial statements was conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden and the audit reports were submitted without comment.

---

<sup>5</sup> The financial report is available at: <https://d39xr7ireu4fgp.cloudfront.net/accounts/12633/files/539.pdf?t=q7ubny>.

**Age of the most recent financial information**

The most recent financial information has been taken from the consolidated financial statements of the Company for the six months ended 30 June 2021, which were published on 29 July 2021, on the Company's website <https://www.ddm-group.ch/investors/ddm-debt-ab-publ/financial-reports>.

## OTHER INFORMATION

### Approval of the Prospectus

This Prospectus has been approved by Finansinspektionen, as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council. Finansinspektionen only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by 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 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.

### Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of EUR 200,000,000 and this Prospectus relates to the admission of trading of the EUR 50,000,000 First Subsequent Bonds issued on the First Subsequent Issue Date. The Issuer may, subject to certain conditions set out in the Terms and Conditions, issue additional Bonds resulting in a maximum aggregate amount of EUR 300,000,000. Each Bond has a nominal amount of EUR 100,000. The ISIN for the Bonds is SE0015797683.

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 Issuer's website: <https://www.ddm-group.ch/investors/ddm-debt-ab-publ/ddm-debt-ab-bonds>.

### The Guarantor

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

DDM Finance AB is a private limited liability company incorporated in Sweden since 24 February 2016. It is registered with the Swedish Companies Registration Office, reg. no. 559053-6214. Its registered address is DDM Finance AB, Birger Jarlsgatan 18, 3tr 114 34 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://www.ddm-group.ch/investors/ddm-debt-ab-publ/financial-reports>:

- the Group's consolidated financial statements for the six months ended 30 June 2021;
- the Group's consolidated financial statements and audit report for the financial year ended 31 December 2020;
- the Group's consolidated financial statements and audit report for the financial year ended 31 December 2019;
- the Guarantor's unconsolidated financial statements and audit report for the financial year ended 31 December 2020; and
- the Guarantor's unconsolidated financial statements and audit report for the financial year ended 31 December 2019.

## **Documents available for inspection**

The following documents are available at the Company's headquarters at Birger Jarlsgatan 18, 3tr 114 34 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;
- the Terms and Conditions; and
- the Guarantee and Adherence Agreement.

The following documents are also available in electronic form on the Company's website [ddm-group.ch/investors/ddm-debt-ab-publ](https://www.ddm-group.ch/investors/ddm-debt-ab-publ):

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

**Listing costs**

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 80,000.

## 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.

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

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

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

**"Agency Agreement"** means the agency agreement entered into on or before the First Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent, regarding, inter alia, the remuneration payable to the Agent.

**"Agent"** means Nordic Trustee & Agency AB (publ) or another party replacing it, as Agent, acting for and on behalf of the Bondholders, in accordance with these Terms and Conditions and, as relevant, the Finance Documents.

**"Bond"** means a debt instrument (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 or 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.

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

**"Change of Control Event"** means the occurrence of an event or series of events whereby any Person or group of Persons, other than:

- (a) DDM Group Finance S.A, reg. no. B214693, or any Affiliate of DDM Group Finance S.A to whom the entire (direct or indirect) shareholding in the Issuer of DDM Group Finance S.A is transferred; or
- (b) a special purpose acquisition company, provided that following the listing of the shares in the special purpose acquisition company no Person or group of Persons acting in concert acquires control over the Issuer,

acting in concert acquires control over the Issuer, in each case where "control" means (i) controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer; or (ii) the right to directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

**"Compliance Certificate"** means a certificate, in form and substance satisfactory to the Agent, signed on behalf of the Issuer certifying:

- (a) the satisfaction of the Incurrence Test (including figures in respect of the relevant financial covenant(s) and the basis on which they/it has/have been calculated);
- (b) if provided in connection with the audited annual financial statements of the Group being made available, the Material Group Companies; and
- (c) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it.

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

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

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



**"Disbursement Date"** has the meaning set forth in Clause 4.2 (*Proceeds Account*).

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

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group;
- (b) before deducting any net finance charges;
- (c) before taking into account any Transaction Costs and any transaction costs relating to any New Debt, any super senior debt or any acquisition of any additional target company;
- (d) not including any accrued interest owing to any member of the Group;
- (e) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (f) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset and after adding back any loss arising from the impairment of any asset;
- (g) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (h) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and
- (i) after adding back any amount attributable to the amortisation, depreciation, impairment or depletion of assets of members of the Group.

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

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

**"ERC"** means the sum of future, undiscounted projected cash collections before commission and fees from acquired Portfolios and future reasonably expected dividends, distributions or other payments from investments (not double counting), in each case for the next following 120 months, either directly or as a result of any rights to collect or any rights to participate in amounts generated from Portfolios or investments. This includes the Group's share of proceeds on all Portfolios purchased or other investments made, however adjusted for any profit-sharing arrangements entered into by any member of the Group and where available the market value of any Portfolio acquired or investment made.

"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.

"Event of Default" means an event or circumstance specified in any of the Clauses 14.1 (*Non-Payment*) to and including Clause 14.7 (*Continuation of the Business*).

"Final Maturity Date" 19 April 2026.

"Finance Documents" means these Terms and Conditions, the Intercreditor Agreement, the Security Documents, the Agency Agreement, the Proceeds Account Pledge Agreement, Guarantee and Adherence Agreement and any other document designated to be a Finance Document by the Issuer and the Agent.

"Financial Indebtedness" means any indebtedness in respect of:

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

"Financial Institution Investment" means any investment or acquisition of shares in any bank or other financial institution (but excluding investments or acquisitions of Portfolios and/or SPVs).

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

**"Financial Report"** means the Group's annual audited consolidated financial statements and/or quarterly interim unaudited reports, which shall be prepared and made available according to paragraphs (a) and (b) of Clause 11.1 (*Information from the Issuer*).

**"First Call Date"** means the date falling 36 months after the First Issue Date.

**"First Issue Date"** 19 April 2021.

**"Force Majeure Event"** has the meaning set forth in Clause 26(a).

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

**"Guarantee and Adherence Agreement"** means the guarantee and adherence agreement pursuant to which the Guarantor shall, amongst other, (i) guarantee the punctual performance of all the Issuer's payment obligations under the Finance Documents, including but not limited to the Bonds, plus accrued interests and expenses, (ii) agree to subordinate all subrogation claims, and (iii) undertake to adhere to the terms of the Finance Documents.

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

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

**"IFRS"** means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

**"Incurrence Test"** means the incurrence test set out in Clause 12.1 (*Incurrence Test*).

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

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

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

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

**"Intercreditor Agreement"** means the intercreditor agreement dated on or about the Disbursement Date between, *inter alios*, the Bonds Agent on behalf of itself and the Bondholders, the Security Agent, the Issuer and the Guarantor.

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

**"Interest Payment Date"** means 19 April and 19 October of each year each year. The first Interest Payment Date shall be 19 October 2021. 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). An Interest Period shall not be adjusted due to an application of the Business Day Convention.

**"Interest Rate"** means nine per cent. *per annum*.

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

**"Issuing Agent"** means ABG Sundal Collier ASA, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**"Joint Bookrunners"** means ABG Sundal Collier ASA, Jefferies International Limited and Jefferies GmbH.

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

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

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

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

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

**"Material Adverse Effect"** means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Group's ability to perform

and comply with the Finance Documents, or (c) the validity or enforceability of the Finance Documents.

**"Material Group Company"** means, at any time any wholly-owned Subsidiary of the Issuer which is nominated as such by the Issuer in accordance with Clause 13.10 (*Nomination of Material Group Companies*).

**"Net Interest Bearing Debt"** means the aggregate interest bearing debt less cash and cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time (for the avoidance of doubt, excluding bank guarantees, Shareholder Debt, any claims subordinated pursuant to the Intercreditor Agreement and interest bearing debt borrowed from any Group Company and without double counting).

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

**"New Creditor"** shall have the meaning ascribed to it in the Intercreditor Agreement.

**"New Debt"** shall have the meaning ascribed to it in the Intercreditor Agreement.

**"Nominal Amount"** means in respect of each Bond the Initial Nominal Amount, less the aggregate amount by which that Bond has been redeemed in part at the relevant time.

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

- (a) incurred under the Bonds, other than Subsequent Bonds;
- (b) taken up from a Group Company and/or a SPV;
- (c) incurred in the ordinary course of business under Advance Purchase Agreements;
- (d) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holds indebtedness;
- (e) incurred by the Issuer if such Financial Indebtedness meets the Incurrence Test tested *pro forma* including such incurrence and (i) is incurred as a result of a Subsequent Bond Issue by the Issuer under these Terms and Conditions, or (ii) ranks *pari passu* or is subordinated to the obligations of the Issuer under the Bonds and has a final maturity date or a final redemption date which occurs after the Final Maturity Date;
- (f) incurred under hedging transactions in the ordinary course of business or in respect of payments to be made under these Terms and Conditions or any Permitted Debt, but not for investment or speculative purposes;
- (g) incurred by the Issuer pursuant to any financing with a bank or a financial institution in an amount not exceeding to the equivalent of 17.50 per cent. of the outstanding total aggregate Financial Indebtedness of the Group pursuant to the most recent Financial Report published for the quarter including, and subsequent to the First

Issue Date, provided that the aggregate amount outstanding under this paragraph (g) together with any debt outstanding pursuant to paragraphs (h) and (i) may not exceed 20 per cent. of the outstanding total aggregate Financial Indebtedness of the Group pursuant to the most recent Financial Report published for the quarter including, and subsequent to the First Issue Date;

- (h) incurred by the Group Companies (except for the Issuer) under any Local Credit provided that the aggregate amount outstanding under this paragraph (h) together with any debt outstanding pursuant to paragraphs (g) and (i) may not exceed 20 per cent. of the outstanding total aggregate Financial Indebtedness of the Group pursuant to the most recent Financial Report published for the quarter including, and subsequent to the First Issue Date;
- (i) incurred as deferred consideration to a seller of distressed debt, or a seller of an entity holding distressed debt, provided that the aggregate amount outstanding under this paragraph (i) together with any debt outstanding pursuant to paragraphs (g) and (h) may not exceed 20 per cent. of the outstanding total aggregate Financial Indebtedness of the Group pursuant to the most recent Financial Report published for the quarter including, and subsequent to the First Issue Date, provided that any amount of the deferred purchase price which has been deposited into an escrow or deposit account shall not be taken into consideration when calculating the aggregate amount outstanding under this paragraph (i);
- (j) incurred under any Shareholder Debt;
- (k) of the Group under any guarantee issued by a Group Company in the ordinary course of business, provided that if issued for Financial Indebtedness the incurrence of such Financial Indebtedness must constitute Permitted Debt or be otherwise permitted under these Terms and Conditions;
- (l) incurred under any pension and tax liabilities in the ordinary course of business by any Group Company;
- (m) incurred for the purpose of refinancing existing Financial Indebtedness of any Group Company;
- (n) 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;
- (o) incurred under the Refinancing Bonds until redeemed in full; and
- (p) any Financial Indebtedness not permitted by paragraphs (a) to (o) above, provided that the aggregate amount of such indebtedness does not exceed EUR 2,500,000.

**"Permitted Financial Institution Investment"** means (i) any Financial Institution Investments made on or prior to the First Issue Date (an **"Existing Financial Institution Investment"**) and any further investment and/or transaction related to the investments in the Existing Financial Institution Investment or (ii) any other Financial Institution

Investment provided that the Incurrence Test is met (calculated on a *pro forma* basis including the Financial Institution Investment; provided that for the purpose of such calculation, the assets or investment purchased or acquired pursuant to the relevant Financial Institution Investment shall not be added to Total Assets).

**"Permitted Security"** means any Security:

- (a) created in accordance with the Finance Documents and otherwise permitted pursuant to the Intercreditor Agreement;
- (b) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or Security in respect of any monies borrowed or raised);
- (c) provided by any entity that has been acquired pursuant to paragraph (d) of the definition of "Permitted Debt";
- (d) any Security to a New Creditor provided that such New Creditor accedes to the Intercreditor Agreement, as a Secured Party and that such Security is also granted to the Secured Parties (including the New Creditor) as Transaction Security, in each case on a *pro rata* basis and on the same terms, including ranking, and any such new Security shall constitute Transaction Security, subject to and in accordance with the Intercreditor Agreement;
- (e) for any hedging transactions or other derivatives transactions for the purpose of hedging currency or interest rates, unless for speculative purposes;
- (f) any Security provided in the form of a pledge over an escrow account to which the proceeds from a refinancing of the Bonds in full are intended to be received;
- (g) for amounts to be paid as deferred consideration to a seller of distressed debt, or a seller of an entity holding distressed debt;
- (h) any Security agreed to be provided for the benefit of the financing providers in relation to a refinancing of the Bonds in full, however provided that any perfection requirements in relation thereto are satisfied only after repayment of the Bonds in full;
- (i) any Security provided by or over a Group Company to secure any Permitted Debt referred to in paragraphs (g), (h) and (n) of the definition of "Permitted Debt";
- (j) under the Refinancing Bonds up until no later than one Business Day following the Disbursement Date; and
- (k) not covered under paragraphs (a)-(j) above securing an aggregate maximum amount of EUR 2,500,000.

**"Person"** means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation,

government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

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

**"Proceeds Account"** means a bank account of the Issuer or an account manager held with a bank, into which the Net Proceeds from the First Issue Date 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, *inter alios*, the Issuer and the Agent on or about the First Issue Date in respect of a first priority pledge over the Proceeds Account and all funds held on the Proceeds Account from time to time, granted in favour of the Bondholders and the Agent (in its capacity as agent in accordance with the Agency Agreement).

**"Record Date"** means the fifth 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 each period of twelve consecutive calendar months ending on a Reference Date.

**"Refinancing Bonds"** means:

- (a) the up to EUR 160,000,000 senior secured fixed rate bonds with ISIN SE0010636746 issued by the Issuer on 11 December 2017; and
- (b) the up to EUR 150,000,000 senior secured floating rate bonds with ISIN SE0012454940 issued by the Issuer on 8 April 2019.

**"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).

**"Secured Obligations"** shall have the meaning given to such term in the Intercreditor Agreement, for the avoidance of doubt, including the Swiss parallel debt and Slovenian parallel debt incurred pursuant to clauses 17.4 (*Swiss Parallel Debt*) and 17.5 (*Slovenian Parallel Debt*) of the Intercreditor Agreement.



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

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

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

**"Security Agent"** means the security agent, appointed by the Secured Parties pursuant to the Intercreditor Agreement, holding the Transaction Security on behalf of the Secured Parties, being Nordic Trustee & Agency AB (publ) 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, each in form and substance satisfactory to the Security Agent.

**"Shareholder Debt"** means any shareholder loan made by a direct or indirect shareholder to the Issuer as debtor, if such loan:

- (a) according to the Intercreditor 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; and
- (c) according to its terms yield only payment-in-kind interest and/or cash interest that is payable after the Final Maturity Date unless a Restricted Payment is permitted under the Finance Documents.

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

**"Subsequent Bond Issue"** shall have 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 respect of which such Person, directly or indirectly:

- (a) owns shares or ownership rights representing more than 50 per cent. of the total number of votes held by the owners;
- (b) otherwise controls more than 50 per cent. of the total number of votes held by the owners; or
- (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

**"Super Senior Debt"** shall have the meaning given to such term in the Intercreditor Agreement.

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

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

**"Transaction Costs"** means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with (i) a Bond Issue, (ii) the Super Senior Debt, and (iii) the listing of the Bonds.

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

- (a) the share pledge agreement entered into between the Guarantor and the Security Agent with respect to the shares currently issued in the Issuer;
- (b) share pledge agreements entered into between the Issuer and the Security Agent over the shares in each Material Group Company on the First Issue Date; and
- (c) any share pledge agreement pursuant to which additional security is provided in accordance with Clause 13.11 (*Additional Security over Material Group Companies*).

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

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

## 1.2 Construction

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

- (iii) a "regulation" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (iv) an Event of Default is continuing if it has not been remedied or waived;
  - (v) a provision of law is a reference to that provision as amended or re-enacted; and
  - (vi) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in EUR has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against EUR for the previous Business Day, as published by the European Central Bank on its website ([www.ecb.europa.eu](http://www.ecb.europa.eu)). If no such rate is available, the most recently published rate shall be used instead.
  - (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within the European Economic Area 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.
  - (e) The privacy notice and any other information contained in this document before the table of contents section do not form part of these Terms and Conditions and may be updated without the consent of the Bondholders and the Agent.

## 2. Status of the Bonds

- (a) The Bonds are denominated in Euro and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The initial nominal amount of each Initial Bond is EUR 100,000 (the "**Initial Nominal Amount**"). The maximum total nominal amount of the Initial Bonds is EUR 150,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Initial Nominal Amount.
- (d) Provided that the Incurrence Test is met (on a *pro forma* basis taking the Subsequent Bond Issue into account) and provided that no Event of Default is continuing or would result from such issue, the Issuer may, on 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 300,000,000 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 (*Interest*), and otherwise have the same rights as the Initial Bonds.

- (e) The Bonds constitute direct, general, 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 (A) those obligations which are mandatorily preferred by law and (B) the super senior ranking of the Super Senior Debt in accordance with the Intercreditor Agreement. Any Local Credits will rank with priority to the Bonds with respect to the assets of the Group Company having assumed such Local Credits.
- (f) 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.
- (g) 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 Refinancing Bonds, (ii) finance a loan or any other distribution to the Guarantor in an amount not exceeding the equivalent of 2.50 per cent. of the aggregate Initial Nominal Amount, (iii) finance general corporate purposes (including investments and acquisitions) and (iv) finance Transaction Costs.
- (b) The proceeds from any Subsequent Bond Issue shall be used to (i) finance general corporate purposes (including investments and acquisitions) and (ii) finance Transaction Costs.

### **4. Conditions Precedent and Conditions Subsequent**

#### **4.1 Conditions Precedent for a Bonds Issue**

- (a) The Issuer shall provide to the Agent, or procure the provision of, to the satisfaction of the Agent, no later than 9:00 a.m. three Business Days prior to the First Issue Date (or such later time as agreed to by 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, together constituting evidence that the Finance Documents have been duly executed;
  - (ii) copies of these Terms and Conditions, the Agency Agreement and the Proceeds Account Pledge Agreement, duly executed; and
  - (iii) evidence that the Security under the Proceeds Account Pledge Agreement has been perfected.
- (b) The Issuer shall provide to the Agent, or procure the provision of, to the satisfaction of the Agent, no later than 9.00 a.m. three Business Days prior to the date of the relevant Subsequent Bond Issue (or such later time as agreed to by the Agent), in respect of the Subsequent Bonds, the following:
  - (i) a Compliance Certificate duly signed by the Issuer confirming that the Incurrence Test is met; and
  - (ii) constitutional documents and corporate resolutions (approving the Subsequent Bond Issue and resolving to enter into documents necessary in connection therewith) for the Issuer.

Any Subsequent Bond Issue is further subject to the Agent's receipt of the documents and evidence referred to in Clause 4.3 in relation to the Initial Bond Issue and that the Security created over the Proceeds Account Pledge Agreement has been released in accordance with Clause 4.2 (*Proceeds Account*).

- (c) The Agent may assume that the documentation and evidence delivered to it pursuant to Clauses 4.1 (*Conditions Precedent for a Bond Issue*), 4.3 (*Conditions Precedent for Disbursement*) and 4.4 (*Conditions Subsequent*) 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 Clauses 4.1 (*Conditions Precedent for a Bond Issue*), 4.3 (*Conditions Precedent for Disbursement*) and 4.4 (*Conditions Subsequent*) from a legal or commercial perspective of the Bondholders.
- (d) The Agent shall confirm to the Issuing Agent when it is satisfied that the conditions in Clauses 4.1(a) or 4.1(b), as the case may be, have been fulfilled (or amended or waived in accordance with Clause 19 (*Amendments and Waivers*)). The relevant Bond Issue shall not occur (i) unless the Agent makes such confirmation to the Issuing Agent no later than 9.00 a.m. on the date of the relevant Bond Issue (or later, if the Issuing Agent so agrees), or (ii) if the Issuing Agent and the Issuer agree to postpone or cancel the relevant Bond Issue.
- (e) Following receipt by the Issuing Agent of the confirmation in accordance with Clause 4.1(d), the Issuing Agent shall, as applicable, settle the issuance of the Initial Bonds and on the First Issue Date pay the Net Proceeds to the Proceeds Account, or settle the issuance of any Subsequent Bonds and on the date of such Subsequent

Bond Issue pay the Net Proceeds to the Issuer on the date of the relevant Bond Issue (as applicable).

## **4.2 Proceeds Account**

The Net Proceeds from the Initial Bond Issue shall be transferred to the Proceeds Account. The Proceeds Account will be pledged in favour of the Agent and the Bondholders (represented by the Agent). The pledge over the Proceeds Account shall be released when the conditions precedent for disbursement have been fulfilled pursuant to Clause 4.3 below (the "**Disbursement Date**").

## **4.3 Conditions Precedent for Disbursement**

- (a) The Issuer shall provide, or procure the provision of, to the Agent, in form and substance satisfactory to the Agent (acting reasonably):
  - (i) constitutional documents and corporate resolutions (approving the relevant Finance Documents and authorising a signatory/-ies to execute the Finance Documents) for 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 (other than those Finance Documents set out in Clause 4.4 (*Conditions Subsequent*));
  - (iii) evidence by way of a release letter that the Security existing in favour of the Refinancing Bonds will be released and discharged as soon as practically possible upon repayment of the Refinancing Bonds;
  - (iv) evidence by way of (i) a funds flow and (ii) a prepayment instruction to Euroclear Sweden, that the Refinancing Bonds will be redeemed no later than one Business Day following the Disbursement Date;
  - (v) an agreed form Compliance Certificate;
  - (vi) the agreed form draft of the documents referred to in Clause 4.4 (*Conditions Subsequent*);
  - (vii) legal opinion(s) on the capacity and due execution, in respect of any non-Swedish entity being party to a Finance Document issued by a reputable law firm; and
  - (viii) legal opinion(s) on the validity and enforceability of any Finance Document not governed by Swedish law or Norwegian law issued by a reputable law firm.
- (b) When the Agent has confirmed to the Issuer that the conditions precedent for disbursement set out in paragraph (a) of Clause 4.1 and paragraph (a) of Clause 4.3 have been received to the satisfaction of the Agent (acting reasonably), the Agent shall instruct the bank or the account manager (with which the Issuer holds the Proceeds Account) to transfer the Net Proceeds from the Proceeds Account in

accordance with paragraph (a) of Clause 3 (*Use of Proceeds*) and the Agent shall thereafter or in connection therewith release the Security over the Proceeds Account.

- (c) If the conditions precedent set out in paragraph (a) of Clause 4.3 have not been fulfilled to the satisfaction of the Agent (acting reasonably) or waived by the Agent within 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. The funds on the Proceeds Account shall in such case be applied to redeem the Bonds on behalf of the Issuer. Any shortfall shall be covered by the Issuer. The repurchase date shall fall no later than 30 Business Days after the ending of the 30 Business Days period referred to above.

#### **4.4 Conditions Subsequent**

The Issuer shall no later than one Business Day following disbursement from the Proceeds Account provide the Agent with the following:

- (a) copies of the relevant Security Documents, Intercreditor Agreement and Guarantee and Adherence Agreement, duly executed;
- (b) the documents and other evidences to be delivered pursuant to the Security Documents to perfect and create the security thereunder, provided that any registration requirements shall be completed as soon as practically possible;
- (c) legal opinion(s) on the capacity and due execution, in respect of any non-Swedish entity being party to a Finance Document issued by a reputable law firm; and
- (d) legal opinion(s) on the validity and enforceability of any Finance Document not governed by Swedish law issued by a reputable law firm.

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

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (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 relevant Record Date prior to an Interest Payment Date or other relevant due date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal, interest or any other payment shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment 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 (or the First Issue Date if there is no such Interest Payment Date) 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 a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-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 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 (except that the Issuer may cancel Bonds in connection with a total redemption of all Bonds).

### **9.3 Voluntary total redemption (call option)**

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full on any Business Day prior to the Final Maturity Date at:
  - (i) any time from and including the First Issue Date to, but excluding, the First Call Date at an amount per Bond equal to the sum of (i) 104.50 per cent. of the Nominal Amount together with accrued but unpaid Interest and (ii) the remaining interest payments calculated in accordance with Clause 9.3(c), up to, but excluding, the First Call Date;
  - (ii) any time from and including the First Call Date to, but excluding, the first Business Day falling 44 months after the First Issue Date at an amount per Bond equal to 104.50 per cent. of the Nominal Amount together with accrued but unpaid Interest;
  - (iii) any time from and including first Business Day falling 44 months after the First Issue Date to, but excluding, the first Business Day falling 52 months after the First Issue Date at an amount per Bond equal to 102.25 per cent. of the Nominal Amount together with accrued but unpaid Interest; and
  - (iv) any time from and including the first Business Day falling 52 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 15 Business Days' notice to the Bondholders and the Agent. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a Person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.
- (c) For the purpose of calculating the remaining interest payments pursuant to Clause 9.3(a)(i) it shall be assumed that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant record date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.

### **9.4 Mandatory repurchase due to a Change of Control Event (put option)**

- (a) Upon a Change of Control Event occurring, each Bondholder shall have the right to request that its Bonds are 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 30 days following a notice from the Issuer of the Change of Control Event pursuant to Clause 11.1(b) (after which time period such right shall lapse).

However, such period may not start earlier than upon the occurrence of the Change of Control Event.

- (b) The notice from the Issuer pursuant to Clause 11.1(b) 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 shall repurchase the relevant Bonds on the repurchase date specified in the notice given by the Issuer pursuant to Clause 11.1(b). The repurchase date must fall no later than 40 Business Days after the end of the period referred to in Clause 9.4(a).
- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the 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.

## **9.5 Early redemption due to illegality**

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

# **10. Transaction Security and Guarantees**

## **10.1 Granting of Transaction Security**

- (a) Subject to the Intercreditor Agreement, as continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer and the Guarantor will, on or about the First Issue Date, grant the relevant Transaction Security and the Guarantee 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.
- (b) The Security Agent shall hold the Transaction Security and the Guarantee on behalf of the Secured Parties in accordance with the terms of the Intercreditor Agreement, the Security Documents and the Guarantee and Adherence Agreement. The Issuer shall enter into, and shall procure that the Guarantor enters into, the Intercreditor Agreement, the Security Documents and the Guarantee and Adherence Agreement and perfect the Transaction Security in accordance with the Security Documents.
- (c) Subject to the terms of the Intercreditor Agreement, unless and until the Security Agent has received instructions to the contrary in accordance with the Intercreditor Agreement, 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 and/or the Guarantee, creating further Security or guarantee for the benefit of the Secured Parties or for the purpose of settling the

Bondholders', the creditors under the Super Senior Debt, the creditors under any New Debt or the Issuer's rights to the Transaction Security and/or the Guarantee, in each case in accordance with the terms of the Finance Documents and provided that such agreements or actions are not detrimental to the interest of the Bondholders.

## **10.2 Release of Transaction Security and Guarantee**

- (a) Subject to the terms of the Intercreditor Agreement, the Security Agent may at any time release any Transaction Security in accordance with the terms of the Security Documents and the Guarantee and Adherence Agreement. For the avoidance of doubt, any Transaction Security and the Guarantee will always be released *pro rata* between the Secured Parties and the remaining Transaction Security and Guarantee will continue to rank *pari passu* between the Secured Parties as set forth in the Security Documents and the Guarantee and Adherence Agreement.
- (b) Notwithstanding paragraph (a) above, in the case of a Transfer Event, the Agent shall consent to the release of the Guarantee granted by the Guarantor under the Guarantee and Adherence Agreement and that the Guarantor resigns from the Intercreditor Agreement.

## **10.3 Enforcement of Security and Guarantee**

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

## **11. Information to Bondholders**

### **11.1 Information from the Issuer**

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

- (ii) as soon as the same become available, but in any event within two months after the end of each quarter of its financial year, the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, or the year-end report (Sw. *bokslutskommuniké*), as applicable, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report, for such period; and
  - (iii) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:528) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Bonds are listed.
- (b) 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 consolidated reports referred to in Clause 11.1(a)(i) and Clause 11.1(a)(ii) shall be prepared in accordance with IFRS.
- (c) The Issuer shall promptly notify the Bondholders and the Agent upon becoming aware of the occurrence of a Change of Control Event and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice. Such notice may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for a Change of Control Event.
- (d) When the financial statements and other information are made available to the Bondholders pursuant to Clause 11.1(a), the Issuer shall send copies of such financial statements and other information to the Agent.
- (e) The Issuer shall submit a duly executed Compliance Certificate to the Agent:
  - (i) in connection with the testing of the Incurrence Test; and
  - (ii) in connection with that the audited annual financial statements of the Group being made available.
- (f) The Agent may assume that any information provided by the Issuer in the Compliance Certificate delivered pursuant paragraph (e) is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information.
- (g) The Issuer shall promptly notify the Agent (with full particulars) when the Issuer is or becomes aware of the occurrence of any event or circumstance which constitutes an Event of Default or would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination 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 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 applicable laws, regulations and the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 11.2(b), the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- (b) If a committee representing the Bondholders' interests under the Finance Documents has been appointed by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Bondholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

## **11.3 Publication of Finance Documents**

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Group and the Agent.
- (b) The latest versions 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 Incurrence Test**

The Incurrence Test is met if:

- (a) Equity Ratio is at least 20 per cent.; and
- (b) Net Interest Bearing Debt to ERC does not exceed 75 per cent.

## **12.2 Testing of the Incurrence Test**

- (a) The ratio of Net Interest Bearing Debt to ERC for purpose of the Incurrence Test shall be calculated as follows:
  - (i) the calculation shall be made as per a testing date determined by the Issuer, falling no more than three months prior to the incurrence of the new Financial Indebtedness or the Restricted Payment (as applicable) (however no earlier than the First Issue Date); and
  - (ii) the amount of Net Interest Bearing Debt shall be measured on the relevant testing date so determined but include any new Financial Indebtedness and exclude any Financial Indebtedness to the extent refinanced with the new Financial Indebtedness incurred (however, any cash balance resulting from the incurrence of any new Financial Indebtedness shall not reduce the Net Interest Bearing Debt).
- (b) The calculation of the Equity Ratio for the purpose of the Incurrence Test shall be made as per a testing date determined by the Issuer, falling no more than three months prior to the incurrence of the new Financial Indebtedness or the Restricted Payment (as applicable), adjusted for any events affecting such ratio after such testing date and include the contemplated incurrence of the new Financial Indebtedness or Restricted Payment (as applicable) (however no earlier than the First Issue Date).

## **13. General Undertakings**

### **13.1 General**

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

### **13.2 Distributions**

- (a) The Issuer shall not, and shall procure that none of its Subsidiaries will:
  - (i) pay any dividend in respect of its shares;
  - (ii) repurchase or redeem any of its own shares with payment to its shareholders;
  - (iii) redeem or reduce its share capital or other restricted or unrestricted equity with repayment to its shareholders;
  - (iv) repay any Shareholder Debt or pay interest thereon;
  - (v) grant any loans or enter into exposures other than:
    - (A) in the ordinary course of business (including investing in secured loans);

- (B) to SPVs;
- (C) to the Guarantor, in an amount not exceeding the equivalent of 2.50 per cent. of the aggregate Initial Nominal Amount at any time; or
- (D) to DDM Group AG, provided that such amounts were outstanding on 31 December 2020; or
- (vi) make any other distributions or transfers of value to the Issuer's, or its Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders (other than any Management Fees),

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

- (b) Notwithstanding paragraph (a) above, a Restricted Payment may be made:
  - (i) if made to the Issuer or a direct or indirect Subsidiary of the Issuer but, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on at least a *pro rata* basis; and/or
  - (ii) if:
    - (A) the Incurrence Test is met (calculated on a *pro forma* basis including the relevant Restricted Payment);
    - (B) no Event of Default is continuing or would occur upon the making of the Restricted Payment; and
    - (C) the payment is made on or after 1 January 2022 and, at the time of the payment, the aggregate amount of all Restricted Payments of the Group (including the Restricted Payment in question) during a financial year does not exceed 50 per cent. of the Group's profit for the previous financial year.

### 13.3 Nature of Business

The Issuer shall not, and shall not permit any Material Group Company to, engage in any business other than:

- (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries on the First Issue Date;
- (b) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof; and
- (c) any Permitted Financial Institution Investment,



except to the extent engaging in such business would not have a Material Adverse Effect and provided that neither paragraph (a) or (b) above would permit a Financial Institution Investment.

#### **13.4 Transfer Event**

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

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

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

#### **13.5 Domicile Event**

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

#### **13.6 Financial Indebtedness**

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

#### **13.7 Disposal of Assets**

The Issuer shall not, and shall procure that none of its Subsidiaries, sell or otherwise dispose of the shares in any of their respective Subsidiaries, or substantially all of the business or assets of their respective Subsidiaries, other than:

- (a) disposals made by a Group Company to another Group Company (except for the Issuer), provided that:
  - (i) the disposal is made subject to any Transaction Security provided;

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

provided that the transaction (other than in respect of paragraph (a) above) is carried out at fair market value and on arm's length terms. The repayment per Bond shall equal the repaid percentage of the Nominal Amount (rounded down to the nearest EUR 1.00) plus (i) a premium on the repaid amount as set forth in the definition of Call Option Amount for the relevant period and, shall for the non-call period (until the First Call Date) be the price set out in paragraph (ii) of the Clause 9.3(a), and (ii) accrued but unpaid interest on the repaid amount.

### **13.8 Dealings with Related Parties**

The Issuer shall, and shall procure that its Subsidiaries, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders at arm's length terms other than as set out in the Finance Documents.

### **13.9 Negative Pledge**

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

### **13.10 Nomination of Material Group Companies**

At:

- (a) the First Issue Date and thereafter once every year (starting in 2022) (simultaneously with the publication by the Issuer of the audited annual financial statements of the Group); and
- (b) the date of acquisition of any assets by a Group Company financed (in whole or in part) by Permitted Debt for a consideration in excess of 5 per cent. of EBITDA or Total Assets of the Group (calculated on a consolidated basis),

the Issuer shall ensure that:

- (i) each of the Issuer's wholly-owned Group Companies which (on a consolidated basis in the case of a Group Company which itself has Subsidiaries) has EBITDA or Total Assets representing 5 per cent. or more of EBITDA or Total Assets of the Group (calculated on a consolidated basis); and
- (ii) such wholly-owned Group Companies as are necessary to ensure that the Issuer and the Material Group Companies (calculated on an unconsolidated basis and excluding all intra-Group items and investments in Subsidiaries of any Group Company) in aggregate account for at least 80 per cent. of EBITDA and Total Assets of the Group (calculated on a consolidated basis),

in each case, determined by reference to the most recent audited annual financial statements, are listed as Material Group Companies in the relevant Compliance Certificate delivered in connection thereto.

### **13.11 Additional Security over Material Group Companies**

The Issuer shall procure that Security over each wholly-owned Material Group Company is granted no later than 120 days after its nomination in accordance with the Clause 13.10 (*Nomination of Material Group Companies*) 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 relevant Transaction Security either has been or will be perfected in accordance with the terms of the relevant Security Document;
- (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 New Market Loans**

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

### **13.13 Mergers and demergers**

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

### **13.14 Listing**

The Issuer shall use its best efforts to ensure that:

- (a) the Initial Bonds are listed on a Regulated Market no later than 30 days after the First Issue Date and the Issuer shall take all reasonable measures to ensure that the Initial Bonds are listed accordingly, provided that the Bonds in any case shall be listed within 60 days after the First Issue Date;
- (b) any Subsequent Bonds are listed on a Regulated Market within 60 days after the issuance of such Subsequent Bonds and with an intention to complete such listing within 30 days after the issuance of such Subsequent Bonds (unless the Subsequent Bonds are issued before the date the Initial Bonds are listed, in which case such Subsequent Bonds shall be listed within 60 days after the First Issue Date),

and the Issuer shall thereafter take all measures required to ensure that the Bonds, once listed on a Regulated Market, continue being listed on a Regulated Market for as long as any Bond is outstanding (however, taking into account rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

### **13.15 Local credits**

- (a) Local Credits may be assumed by any Group Company for the purpose of acquiring Portfolios, provided that (i) the Local Credit constitutes Permitted Debt, and (ii) the

initial equity contribution provided by the Group to the acquiring Group Company shall not exceed 40 per cent of the acquisition price for the acquired Portfolios.

- (b) The Group may not inject any more equity or extend any loans or make any other value transfers to the acquiring Group Company or its Subsidiaries (which have incurred Local Credit) until full repayment of such Local Credit, provided that the Group may inject cash through equity contributions or subordinated loans if an equivalent amount has been contributed to the Issuer as an unconditional equity injection or Shareholder Debt.

### **13.16 Conditions Subsequent**

The Issuer shall comply with Clause 4.4 (*Conditions Subsequent*).

## **14. Events of Default and Acceleration of the Bonds**

Each of the events or circumstances set out in this Clause 14 (other than Clause 14.8 (*Acceleration of the Bonds*)) is an Event of Default.

### **14.1 Non-Payment**

The Issuer or the 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 5 Business Days of the due date.

### **14.2 Other Obligations**

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

### **14.3 Cross payment default and Cross-acceleration**

Any Financial Indebtedness of a Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Clause 14.3 if the aggregate amount of Financial Indebtedness that has fallen due is less than EUR 5,000,000 or it is owed to a Group Company.

### **14.4 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; or

- (b) a moratorium is declared in respect of the Financial Indebtedness of any Group Company.

#### **14.5 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.

#### **14.6 Creditors' Process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction (other than vexatious or frivolous and as disputed in good faith) affects any asset or assets of any Group Company having an aggregate value of an amount equal to or exceeding EUR 3,000,000 and is not discharged within 60 Business Days.

#### **14.7 Continuation of the Business**

The Issuer ceases to carry on its business.

#### **14.8 Acceleration of the Bonds**

- (a) Upon the occurrence of an Event of Default which is continuing however subject to the terms of the Intercreditor Agreement, the Agent is entitled to, and shall following an instruction given pursuant to Clause 14.8(d) on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not only some, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines (but such date may not fall after the Final Maturity Date), and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) The Agent may not accelerate the Bonds in accordance with Clause 14.8(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 Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- (d) If the Bondholders (in accordance with these Terms and Conditions) instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as, in the opinion of the Agent, may be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) Subject to the terms of the Intercreditor Agreement, in the event of an acceleration of the Bonds in accordance with this Clause 14.8, the Issuer shall redeem all Bonds at an amount per Bond equivalent to:
  - (i) if the acceleration has occurred before the First Call Date, the redemption amount specified in Clause 9.3(a)(ii); or
  - (ii) if the acceleration has occurred on or after the First Call Date, as applicable considering when the acceleration occurs, the redemption amount specified in Clause 9.3 (*Voluntary total redemption (call option)*),

in each case plus any accrued but unpaid Interest on the Bonds redeemed.

## **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 Secured Obligations) shall be distributed in accordance with the Intercreditor Agreement.
- (b) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security or the Guarantee shall constitute escrow funds (*Sw. redovisningsmedel*) and be promptly turned over to the Security Agent to be applied in accordance with the Intercreditor Agreement.
- (c) If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least 15 Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the

foregoing, for any Interest due but unpaid the Record Date specified in Clause 7(a) shall apply.

## 16. Decisions by Bondholders

- (a) 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 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 relevant Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (ii) on the Business Day specified in the communication pursuant to Clause 18(c), in respect of a Written Procedure,may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least sixty-six and two-thirds (66 2/3) per cent of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):
  - (i) waive a breach of or amend an undertaking set out in Clause 13 (*General Undertakings*);



- (ii) release or materially change the Security provided under the Security Documents;
  - (iii) reduce the principal amount, Interest Rate or interest amount which shall be paid by the Issuer;
  - (iv) amend any payment day for principal or interest amount or waive any breach of a payment undertaking; or
  - (v) amend the provisions regarding the majority requirements under these Terms and Conditions.
- (f) Any matter not covered by Clause 16(e) shall require the consent of Bondholders representing more than 50 per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19(a)(i) or (19(a)(ii))), an acceleration of the Bonds, or the enforcement of any Transaction Security or Guarantee.
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least 50 per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16(e), and otherwise at least 20 per cent. of the Adjusted Nominal Amount:
  - (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (ii) if in respect of a Written Procedure, reply to the request.

If a quorum exists for some, but not all, of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17(a)) or initiate a second Written Procedure (in accordance with Clause 18(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. For the purposes of a second Bondholders' Meeting or second Written Procedure pursuant to this Clause 16(h), the date of request of the second Bondholders' Meeting pursuant to Clause 17(a) or second Written Procedure pursuant to Clause 18(a), as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 16(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent,

under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.

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

## **17. Bondholders' Meeting**

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 17(a) with a copy to the Agent. The Issuer shall inform the Agent before a notice for a Bondholders' Meeting where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append

information from the Agent together with such notice. After a request from the Bondholders pursuant to Clause 20.4(c), the Issuer shall no later than five 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 15 Business Days and no later than 30 Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **18. Written Procedure**

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically in a manner determined by the Agent) no later than five Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18(a) to each Bondholder with a copy to the Agent. The Issuer shall inform the Agent before a communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with such communication
- (c) A communication pursuant to Clause 18(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least 15 Business Days from the communication pursuant to Clause 18(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16(e) and 16(f) have been received in a Written Procedure, the

relevant decision shall be deemed to be adopted pursuant to Clause 16(e) or 16(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **19. Amendments and Waivers**

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

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

### **20.1 Appointment of Agent**

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security.
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent to act on its behalf, as set forth in Clause 20.1(a).

- (c) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.
- (d) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (e) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## **20.2 Duties of the Agent**

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security pursuant to the Security Documents on behalf of the Bondholders and, where relevant, enforcing the Transaction Security on behalf of the Bondholders. However, the Agent is not responsible for the execution or enforceability of the Finance Documents or the perfection of the Transaction Security.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (d) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
- (e) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer,

the Transaction Security or the Guarantee which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of Proceeds*).

- (f) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (g) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- (h) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 20.2(g).

### **20.3 Limited liability for the Agent**

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

- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.
- (f) The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or any other Person.

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

- (a) Subject to Clause 20.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 20.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent with immediate effect and the Issuer shall within ten Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within 90 days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as

Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.

- (h) In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement.

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

- (a) The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD regulations and the other regulations applicable to the Bonds.
- (b) The CSD may retire from its assignment or be dismissed by the Issuer provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Bondholder. The replacing CSD must be authorized to professionally conduct clearing operations pursuant to the Swedish Securities Markets Act (*lag (2007:528) om värdepappersmarknaden*) or Regulation (EU) no. 909/2014 and be authorized as a central securities depository in accordance with the Financial Instruments Accounts Act.

## **22. 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.

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

- (a) No Bondholder may take any steps whatsoever against the Issuer or with respect to the Transaction Security or the Guarantee 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 23(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(g), such failure must continue for at least 40 Business Days after notice pursuant to Clause 20.2(h) before a Bondholder may take any action referred to in Clause 23(a).

- (c) The provisions of Clause 23(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 (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

## **24. Prescription**

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

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

### **25.1 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 25.1(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 25.1(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.

## 25.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.3 (*Voluntary total redemption (call option)*), 9.4 (*Mandatory redemption due to a Change of Control Event (put option)*), 9.5 (*Early redemption due to illegality*), 11.1(f), 14.8(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 25.2(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.

## 26. Force Majeure and Limitation of Liability

- (a) Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.

- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## **27. 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*).

## **Addresses**

### **ISSUER**

#### **DDM Debt AB (publ)**

Birger Jarlsgatan 18, 3tr  
114 34 Stockholm, Sweden,  
SE-114 46 Stockholm  
Tel.: +46 70 861 8166

### **ISSUING AGENT**

#### **ABG Sundal Collier ASA**

Munkedamsveien 45 E, 7<sup>th</sup> floor  
0250, Oslo, Norway  
Tel.: +47 22 01 60 00  
Fax: +47 22 01 60 60

### **SOLE BOOKRUNNER**

#### **ABG Sundal Collier ASA**

Munkedamsveien 45 E,  
7<sup>th</sup> floor  
0250, Oslo, Norway  
Tel.: +47 22 01 60 00  
Fax: +47 22 01 60 60

### **LEGAL COUNSEL**

#### **Roschier Advokatbyrå AB**

Brunkebergstorg 2  
P.O. Box 7358  
SE-103 90 Stockholm  
Sweden  
Tel.: +46 8 553 190 00  
Fax: +46 8 553 190 01

### **AGENT**

#### **Nordic Trustee & Agency AB (publ)**

P.O. Box 7329  
SE-103 90 Stockholm  
Sweden  
Tel.: +46 783 79 00

### **AUDITOR**

#### **Öhrlings PricewaterhouseCoopers AB**

Torsgatan 21  
113 97 Stockholm  
Tel.: + 46 10 212 40 00  
Fax: + 46 10 214 30 00

### **CENTRAL SECURITIES DEPOSITORY**

#### **Euroclear Sweden AB**

Box 191  
SE-101 23 Stockholm  
Tel.: + 46 8 402 90 00