

NOTICE TO A WRITTEN PROCEDURE

Denna kallelse till obligationsinnehavarna är endast utformad på engelska.

To the bondholders in:

ISIN: SE0007186150 Func Food Group Oyj up to EUR 50,000,000 Senior Secured Bonds 2015/2019
(the "Bonds")

Stockholm, 18 December 2017

NOTICE TO A WRITTEN PROCEDURE - REQUEST TO AMEND THE TERMS AND CONDITIONS OF THE BONDS

This voting request for procedure in writing will be sent by regular mail on 18 December 2017 to Bondholders directly registered in the debt register (Sw. *skuldbok*) kept by Euroclear Sweden AB. This voting request has also been published on the websites of the Issuer and the Bonds Agent (as defined below), in accordance with the terms and conditions of the Bonds (the "Terms and Conditions"). If you are an authorised nominee under the Swedish Financial Instruments Accounts Act or if you otherwise are holding Bonds on behalf of someone else on a Securities Account, please forward this notice to the holder you represent as soon as possible. For further information, please see below under Section 5 C, (*Voting rights and authorisation*).

Nordic Trustee & Agency AB (publ) (the "**Bonds Agent**") is under the Terms and Conditions appointed as Bonds Agent for the above mentioned issuance of Bonds of Func Food Group Oyj (the "**Issuer**" or the "**Group**"). In its capacity as Bonds Agent, and as requested by the Issuer, Nordic Trustee & Agency AB (publ) hereby initiates a procedure in writing, whereby Bondholders can vote for or against the Issuer's request to amend the Terms and Conditions.

All capitalised terms used herein and not otherwise defined in this notice (the "**Notice to a Written Procedure**") shall have the meanings assigned thereto in the Terms and Conditions for the Bonds.

This voting request, and associated enclosed Schedules 1 and 2, have been construed in accordance with applicable regulations in the Terms and Conditions.

Bondholders participate by completing and sending the voting form, attached hereto as Schedule 1 (the "**Voting Form**"), and, if applicable, a power of attorney/authorisation, substantially in the form as attached hereto as Schedule 2 (the "**Power of Attorney**"), if the Bonds are held in custody other than Euroclear Sweden AB, to the Bonds Agent. Please contact the securities firm you hold your Bonds

through if you do not know how your Bonds are registered or if you need authorisation or other assistance to participate.

The Bonds Agent must **receive the Voting Form no later than 17:00 (CET), 15 January 2018**, by regular mail, via courier or e-mail to the addresses indicated below under Section 5 F. Votes received thereafter may be disregarded.

To be eligible to participate in the Written Procedure a person must fulfil the formal criteria for being a Bondholder on **22 December 2017** (the "**Record Date**"). This means that the person must be registered on a Securities Account with Euroclear Sweden AB, being the CSD, as a direct registered owner (Sw. *direktregistrerad ägare*) or authorised nominee (Sw. *förvaltare*) with respect to one or several Bonds.

The information in this Notice to a Written Procedure regarding the Issuer and market conditions is provided by the Issuer, and the Bonds Agent expressly disclaims any liability whatsoever related to such information.

1. BACKGROUND

The Issuer is a Nordic wellness company which markets and distributes a range of products including protein powders, bars, puddings, beverages and other merchandise across the FAST, CocoVi, FitFarm, Celsius and Freddy brands in Finland and Sweden. The principal contributors to the Issuer's revenues are the FAST brand in Finland and the Celsius brand in Sweden. In the year to 30 September 2017, the Issuer reported net revenues and adjusted EBITDA of EURm 31.1 and EURm 2.0. At 30 September 2017, the Issuer had net debt of EURm 36.5 and cash and cash equivalents of EURm 0.7.

The financial performance of the Issuer has been below forecasts made at the time of the issuance of the Bonds in 2015. During 2016, the Issuer faced heavy competition in both Sweden and Finland, with Celsius volumes continuing their negative development from late 2015 for the first half of the year as new entrants and private label brands captured market shares. A strengthening of the sales force coupled with new product launches resulted in a return to growth in Q3, a trend that has continued into 2017. Following learnings from the pilot launch of FAST in 2016, the portfolio was revised for a launch with broader distribution in 2017. The Italian clothing brand Freddy, distributed by the Issuer's indirect subsidiary Freddy Store AB, saw a slow-down in sales which led to a build-up of unsold inventories. In Finland, the re-launch of FAST in January 2016 proved unsuccessful due to heavy price competition and suboptimal launch planning, which led to a 17% y-o-y decline in sales and necessitated material inventory write-offs. Partly as consequence of the weak performance, in particular in Finland, several management changes were made and the CEO of the Issuer's Finnish operations departed in November 2016. For the full year, net revenues declined by 6% to EURm 40.0 while adjusted EBITDA improved by more than 50% to EURm 3.2, of which EURm 3.1 was attributable to the Swedish operations. The Finnish operations recovered from a EURm -1.5 negative EBITDA in 2015 to breaking even in 2016, driven by a significant decrease in product, ingredient and packaging

material write-offs. However, profitability remained burdened by legacy issues pertaining to weak production planning and cost management.

During 2017, the FAST and Cocovi brands were launched in Sweden and have gained momentum towards the end of the year as the product portfolio has been optimised to local customer preferences. FAST has achieved confirmation of increased distribution with several Swedish retailers during early 2018. Celsius has grown for six consecutive quarters but continues to face strong competition. In Finland, the Issuer's private label business has been discontinued, in line with strategy, and FAST has returned to double-digit growth, driven by changes in sales management and processes and new product launches, while having regained significant customer listings. Celsius, which was launched in Finland during 2016, is growing at an annualised rate of 60% but from a small base. The Issuer's expansion into Norway has been proceeding according to plan, with regulatory permissions having been secured and the launch of Celsius currently targeted for December 2017. Freddy Store's performance has however continued to deteriorate. Contractual obligations have limited the ability to reduce orders in the short term, which has driven a continued build-up of inventories, putting pressure on group-level profitability and liquidity.

In sum, 2017 has seen a turnaround in the top-line performance of Celsius and FAST in both Sweden and Finland, which has impacted revenues positively. Moreover, the operational issues encountered predominantly in Finland during 2015 and 2016 have largely been addressed. The Issuer's smaller brands and non-core activities, in particular Cocovi and Freddy, however, have continued to underperform. This, coupled with considerably higher marketing expenditure to drive growth and particularly cross-sales, has affected profitability negatively, in turn limiting cash flow and ultimately liquidity. For the full year 2017, the Issuer expects net revenues to grow slightly compared to the previous year, while adjusted EBITDA is expected to come out at a lower level than in 2016.

The management of the Issuer is closely monitoring the Group's liquidity situation through weekly cash forecasts and monthly rolling budgets. Net working capital levels, which have historically put pressure on liquidity, are also carefully managed and steps have been taken to increase sales and production forecasting in order to maintain inventories at a level no higher than 10-15% of revenues. A number of operational and cost base initiatives are being implemented in order to continue driving growth and improving profitability, including focusing on core brands and increasing cross sales and innovation, executing the Norwegian expansion from a low-cost base, optimising the sales mix by pivoting towards higher-margin bars and beverages, reviewing sourcing models and contracts, and seeking to tie a greater part of the cost base to revenues. As for Freddy Store, the Issuer is looking into several options to decrease the amount of net working capital tied up in inventories while reducing the financial impact on the rest of the Group. If successful, the Issuer expects Freddy Store to deliver break-even EBITDA and positive cash flow of EURm 0.2 during 2018. Nevertheless, management is cognisant of the fact that the cost of servicing the Group's debt has put significant pressure on liquidity, in turn impairing management's ability to grow the business. Going forward, management expects the Issuer's liquidity situation to improve, driven by improved market conditions and a

number of specific initiatives. However, in order to be able to establish a platform for sustainable growth, the Issuer hereby requests that the Bondholders permanently waive the Issuer's undertaking to make amortisations under the Terms and Conditions of the Bonds.

For 2018, the Group expects solid top-line growth driven by the continued positive development of the energy drink category, successful product innovation across the brand portfolio, and the expansion into Norway. The latter will seek to leverage Celsius' high brand awareness in the region and exploit favourable market dynamics, with a selected range of FAST products to be launched alongside Celsius. The business will be supported largely through Sweden and Finland in order to minimise the cost base, and as a consequence management expects the Norwegian operations to contribute positively to EBITDA already during 2018. The Issuer expects EBITDA to improve meaningfully in 2018 compared to 2017, despite continued high marketing spend. Cash flow before financing is expected to be clearly positive, driven by revenue growth on a largely fixed cost base, a reduction in net working capital through better production and logistics planning, and a positive resolution to the issues pertaining to Freddy Store, as outlined above.

The Issuer's shareholders, including Sentica Partners, are supportive of management's efforts and plans. During Q2 2016 - Q1 2017, the shareholders injected a total of EURm 5.0 into the business by way of subordinated capital and remain committed to injecting further capital provided the right growth platform for the Group can be secured.

2. PROPOSAL

In order to achieve the above mentioned objectives, the Issuer proposes certain amendments of the Terms and Conditions which are regulating the Security granted in respect of the Bonds and to make a partial release of the Transaction Security over the Intercompany Loan (as defined below), as well as making an amendment to the prepayment structure of the Bonds. The proposed amendments include:

- i) A maximum of EUR 10,000,000 of the existing EUR 23,082,000 intercompany loan, being subject to Transaction Security, made available by the Issuer to Func Food Sweden AB (the "**Intercompany Loan**"), shall, at any time prior to the Final Maturity Date of the Bonds, be converted into unconditional shareholders' contribution and/or be subject to set-off against any unpaid shareholders' contribution made by the Issuer to Func Food Sweden AB.
- ii) Waiver of any remaining scheduled amortisation payments payable under the current amortisation plan of the Bonds and any default occurring due to the partial release of the Transaction Security granted over the Intercompany Loan.
- iii) An adjustment to increase the permitted debt incurred under financial leasing arrangements from maximum EUR 550,000 to 1,200,000.

- iv) An adjustment of the Permitted Debt definition in order to allow the company to enter into recourse factoring arrangements in a maximum amount of EUR 7,500,000 on the condition that such arrangements may only be entered into with major retailers with low credit risk.
- v) An amendment of certain Clauses in order to permit the divestment or discontinuation of the Issuer's business relating to the Freddy brand (whether linked to Freddy Store AB or any other Group Company) without such divestment or discontinuation resulting in an obligation to make a prepayment under the Bonds.
- vi) An amendment of certain Clauses to permit a potential merger between Suomen Lisäraavinne Oy and Func Food Finland Oy, provided Func Food Finland Oy remains as the surviving entity.

Provided that the Bondholders vote in favour of approving the proposed amendments of the Terms and Conditions and the partial release of the Transaction Security over the Intercompany Loan, as further described in Section 3 below, the Issuer shall ensure that an additional amount of equity, amounting to a minimum of EUR 2,000,000 and a maximum of EUR 3,000,000, of which EUR 1,575,592 was contributed on 24 November 2017, is irrevocably and unconditionally contributed to the Issuer in the form of a convertible subordinated loan.

3. AMENDMENT AND RELEASE REQUEST

- (a) The Issuer hereby requests that the Bondholders approve the necessary resolutions to amend the Terms and Conditions and to make a partial release of Transaction Security over the Intercompany Loan and the other amendments to the Terms and Conditions as stated below:

Security over intragroup loan

- i. the Bonds Agent shall have the right to release part of the Transaction Security granted over the Intercompany Loan, in an amount corresponding to a maximum of EUR 10,000,000, and waive any defaults occurring due to such release, and the wording in Clause 1.1 item (d) of the definition of Security Documents will be replaced in its entirety with the following wording:

a first ranking pledge over the approximately EUR 13,000,000 intragroup loan made available by the Issuer to BidCo;

Mandatory Amortisation

- ii. the mandatory amortisation plan set out in the table in Clause 10.2.1 shall be removed in its entirety and any remaining amortisations under the plan shall be cancelled.

Permitted Debt

- iii. The debt that the Group shall be allowed to incur pursuant to financial leasing arrangements shall be increased and the Permitted Debt definition shall be adjusted as follows:

(b) of the Group incurred pursuant to any financial leasing arrangements incurred in the ordinary course of the Group's business in a maximum amount of EUR 1,200,000;

- iv. The group shall be allowed to incur additional debt by entering into a recourse facility agreement by adjusting the Permitted Debt definition as follows:

(p) arising or incurred under any recourse factoring agreements with Major Retailers in a maximum aggregate amount of EUR 7,500,000.

Permit a merger between Suomen Lisäraivinne Oy and Func Food Finland Oy

- v. The Group shall be allowed to, at a time of their choosing, merge Suomen Lisäraivinne Oy with Func Food Finland Oy under the condition that Func Food Finland Oy is the surviving entity.

Disposal or discontinuation of Issuer's business relating to the Freddy clothing brand

- vi. The Group shall be permitted to divest or discontinue the Issuer's business relating to the Freddy brand (whether linked to Freddy Store AB or any other Group Company) without any obligation to make prepayments under the Bonds or forced to invest in similar line of business.

The amendments in items i.-vi., and as evidenced by the mark-up in accordance with Schedule 3, are hereafter jointly referred to as the "**Amendment and Release Request**".

- (b) The amendments of the Terms and Conditions and the partial release of the Transaction Security over the Intercompany Loan in accordance with the Amendment and Release Request shall have immediate effect from (and including) the date when the Bondholders have approved the Amendment and Release Request.
- (c) The Bonds Agent shall in its own discretion be entitled to make amendments to the Terms and Conditions on behalf of the Bondholders and take such actions required to release a part of the Transaction Security over the Intercompany Loan in order to implement the Amendment and Release Request and waive any default occurring in relation thereto, provided such amendments and actions are consistent with the Amendment and Release Request or otherwise in accordance with Clause 20 (*Amendments and Waivers*) of the Terms and Conditions.
- (d) Provided that the Amendment and Release Request have been approved by the Bondholders, the Bonds Agent will notify the Bondholders that the Amendment and Release Request has become effective and the amended and restated Terms and Conditions will be published on the websites of the Issuer and the Bonds Trustee.

4. CONDITIONS FOR THE AMENDMENT AND RELEASE REQUEST

The Amendment and Release Request and the amendments of the Terms and Conditions to implement the Amendment and Release Request shall be subject to:

- i. Equity, in the form of a convertible subordinated loan, in an amount of minimum EUR 2,000,000 and maximum EUR 3,000,000, of which EUR 1,575,592 was contributed on 24 November 2017, is irrevocably and unconditionally contributed by some or all of the shareholders of the Issuer to the Issuer within two (2) months from the date of the implementations on the amendment of the Terms and Conditions in accordance with Section 3(b).
- ii. A failure to complete equity injection described in clause 4(i) above within two (2) months from the date of the implementations on the amendment of the Terms and Conditions in accordance with Section 3(b) shall constitute an Event of Default under the amended Terms and Conditions.

5. NON-RELIANCE

The Amendment and Release Request is presented to the Bondholders without evaluation, advice or recommendations from the Bonds Agent. The Bonds Agent has not reviewed or assessed this Notice to a Written Procedure or the Amendment and Release Request (and their effects, should it be adopted) from a legal or commercial perspective of the Bondholders and the Bonds Agent expressly disclaims any liability whatsoever related to the content of this Notice to a Written Procedure or the Amendment and Release Request (and their effects, should it be adopted). The Bondholders must independently evaluate whether the above Amendment and Release Request (and its effects) is acceptable or not.

6. THE WRITTEN PROCEDURE

The following instructions need to be adhered to under the Written Procedure.

A. Final date to participate in the Written Procedure

The Bonds Agent must have received the votes by mail, courier or e-mail to the address indicated below no later than **17:00 (CET), 15 January 2018**. Votes received thereafter may be disregarded.

B. Decision procedure

The Bonds Agent will, in accordance with this Notice to a Written Procedure, determine if received replies are eligible to participate under the Written Procedure as valid votes.

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

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

The minutes from the Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Bonds Agent, as applicable. A matter decided under the Written Procedure will be binding for all Bondholders, irrespective of them responding in the Written Procedure.

C. Voting rights and authorisation

Anyone who wishes to participate in the Written Procedure must on the Record Date (**22 December 2017**) in the debt register:

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

Bonds registered with a nominee

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

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

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

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

D. Quorum

In order to form a quorum for this Written Procedure, Bondholders representing at least twenty (20) per cent of the Adjusted Nominal Amount must reply to the request under the Written Procedure.

If a quorum does not exist, the Bonds Agent shall initiate a second Written Procedure, provided that the relevant proposal has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure.

E. Majority

To approve the Amendment and Release Request, at least sixty-six and two thirds (66 2/3) per cent of the Adjusted Nominal Amount for which Bondholders reply under the Written Procedure must consent to the Amendment and Release Request.

F. Address for sending replies

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

(a) By regular mail:

Nordic Trustee & Agency AB
Attn: Written Procedure
P.O, Box 7329
S-103 90 Stockholm

(b) By courier:

Nordic Trustee & Agency AB
Attn: Written Procedure Func Food Group Oyj
Norrandsgatan 23
111 43 Stockholm

(c) By e-mail:

E-mail: mail@nordictrustee.se

7. FURTHER INFORMATION

The Issuer has retained Pareto Securities AB as its financial adviser and solicitation agent (the "**Solicitation Agent**"). Accordingly, Bondholders may contact the Solicitation Agent for further information, at the following telephone number: +46 8 402 5223.

For further questions to the Bonds Agent, please contact the Bonds Agent at mail@nordictrustee.se or +46 8 783 79 00.

Stockholm, 18 December 2017

NORDIC TRUSTEE & AGENCY AB (PUBL)
As Bonds Agent

Enclosed:

1. Voting Form
2. Power of Attorney/Authorisation
3. Changes to the Terms and Conditions

VOTING FORM

Schedule 1

For the procedure in writing in Func Food Group Oyj up to EUR 50,000,000 Senior Secured Bonds 2015/2019, ISIN: SE0007186150.

The undersigned Bondholder or authorised person/entity (the "**Voting Person**"), votes either **For** or **Against** the Amendment and Release Request by marking the applicable box below.

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

☐ **For** the Amendment and Release Request

☐ **Against** the Amendment and Release Request

Name of the Voting Person: _____

Capacity of the Voting Person: _____

Bondholder: ☐ ¹ Authorised person: ☐

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

Securities Account number at Euroclear Sweden AB:
(if applicable) _____

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

Nominal Amount voted for (in EUR): _____

Day time telephone number, e-mail address and contact person:

Authorised signature and Name³

Place, date

¹ When voting in this capacity, no further evidence is required.

² When voting in this capacity, the person/entity voting must also enclose Power of Attorney/Authorisation (Schedule 2) from the Bondholder or other proof of authorisation showing the number of votes held on the Record Date.

³ If the undersigned is not a Bondholder according the Terms and Condition and has marked the box "authorised person", the undersigned – by signing this document – confirms that the Bondholder has been instructed to refrain from voting for the number of votes cast with this Voting Form.

POWER OF ATTORNEY/AUTHORISATION

Schedule 2

For the procedure in writing in Func Food Group Oyj up to EUR 50,000,000 Senior Secured Bonds 2015/2019, ISIN: SE0007186150.

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

Name of person/entity that is given authorisation (Sw. *Befullmäktigad*) to vote as per the Record Date:

Nominal Amount (in EUR) the person/entity is authorised to vote for as per the Record Date:

Name of Holder or other intermediary giving the authorisation (Sw. *Fullmaktsgivaren*):

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

We represent an aggregate Nominal Amount of: EUR _____

We are:

☐

Registered as Bondholder on the Securities Account

☐

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

Place, date: _____

Name:

Authorised signature of Bondholder/other intermediary (Sw. *Fullmaktsgivaren*)

CHANGES TO THE TERMS AND CONDITIONS

Schedule 3

[Insertions are shown as double underlined text in blue and deletions are shown as strikethrough text in red]

1. Definitions and Construction

1.1 Definitions

[...]

"Freddy" means the Issuer's business relating to the Italian clothing brand Freddy distributed by the Issuer's indirect subsidiary Freddy Store AB.

[...]

"Major Retailers" means Kesko, SOK, ICA, Coop, Axfood, Bergendahls and XXL.

[...]

"Permitted Debt" any Financial Indebtedness:

- (a) incurred under the Bonds (excluding Subsequent Bonds);
- (b) of the Group incurred pursuant to any financial leasing arrangements incurred in the ordinary course of the Group's business in a maximum amount of EUR ~~550,000~~ 1,200,000;
- (c) taken up from a Group Company;
- (d) of the Group under any guarantee issued by a Group Company in the ordinary course of business;
- (e) arising under a foreign exchange transaction or commodity derivatives for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (f) arising under any interest rate hedging transactions in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (g) related to any Shareholder Loans;
- (h) related to the Vendor Loan;
- (i) incurred under Advance Purchase Agreements, including the Customs Loan;
- (j) incurred as a result of any Group Company acquiring another entity, save for the Target Company, and which is due to that such acquired entity holds indebtedness, provided that the Incurrence Test is met, tested pro forma including the acquired entity in question and

provided that the acquired debt is refinanced by the Issuer, by way of Subsequent Bonds or otherwise, within six (6) months following the date of acquisition;

- (k) 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 the Terms and Conditions, or (ii) ranks pari passu or is subordinated to the obligations of the Issuer under the Finance Documents, and has a final maturity date or a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date;
- (l) pension liabilities of the Group;
- (m) until the Completion Date, any Refinancing Debt;
- (n) any Financial Indebtedness that is owed by the Group, in an outstanding amount not exceeding EUR 400,000 at any time; ~~and~~
- (o) arising under any additional purchase price amount payable pursuant to the terms of the Acquisition Agreements in an aggregate amount not exceeding the Pre Founded Earn-Out Amount; and
- (p) arising or incurred under any recourse factoring agreements with Major Retailers in a maximum aggregate amount of EUR 7,500,000.

[...]

"Second Amendment Effective Date" means the date that the second amendment of these Terms and Conditions becomes effective.

[...]

"Security Documents" means the relevant security agreements purporting to create:

- (a) a first ranking pledge over all the shares in Func Food Finland;
- (b) a first ranking pledge over all the shares in BidCo;
- (c) a first ranking pledge over the intragroup loan made available by the Issuer to Func Food Finland in an amount of no less than EUR 3,800,000;
- (d) a first ranking pledge over the approximately EUR ~~23,000,000~~ 13,000,000 intragroup loan made available by the Issuer to BidCo;
- (e) a first priority business mortgage over the assets in the Issuer in the aggregate principal amount of EUR 10,000,000 with best priority;
- (f) a first priority business mortgage over the assets in Func Food Finland in the aggregate principal amount of EUR 6,500,000 with best priority; and
- (g) a first ranking pledge over the Bank Accounts,

in each case as specified in the relevant Security Document.

[...]

10. Redemption and Repurchase of the Bonds

~~10.2.1 Mandatory amortisation~~

- ~~(a) The Issuer shall repay the total Nominal Amount in the amount and at the dates set out below:~~

Date	Amount
The date falling 15 months after the Issue Date	EUR 1,000,000
The date falling 39 months after the Issue Date	EUR 4,500,000

- ~~(b) Any repayment under this Clause **Error! Reference source not found.** shall be made as partial prepayments of all outstanding Bonds (at par) by way of reducing the Outstanding Nominal Amount of each Bond *pro rata* (rounded down to the nearest EUR 1.00).~~
- ~~(c) The remaining outstanding amount under the Bonds shall be redeemed on the Final Redemption Date.~~

10.2.1 ~~10.2.2~~ Mandatory amortisation of the Pre-Funded Earn-Out Amount

[...]

13. General Undertakings

[...]

13.5 Nature of Business

- (a) The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the First Issue Date if such substantial change would have a Material Adverse Effect.
- (b) Notwithstanding the above the Issuer shall be permitted to dispose, divest or discontinue its business relating Freddy (whether linked to Freddy Store AB or any other Group Company).

[...]

13.8 Merger

- (a) The Issuer shall procure that the merger between the Target Company and BidCo, with the latter as the surviving entity, is completed within nine (9) months following the Completion Date and that security over all shares issued by People's Choice is granted to the Bondholders contemporaneously with completion of the merger, on terms equivalent to the other Security Documents.

- (b) Furthermore the Issuer shall be allowed to perform a merger between Suomen Lisäraivinne Oy to Func Food Finland Oy under the condition that Func Food Finland Oy is the surviving entity.

[...]

13.10 Disposal of Assets

The Issuer shall not, and shall procure that no Subsidiary will, sell or otherwise dispose of any business, assets or shares in any Subsidiary other than:

- (a) a disposal, divestment or discontinuation of the Issuer's business relating to Freddy (whether linked to Freddy Store AB or any other Group Company);
- (b) a merger between Suomen Lisäraivinne Oy to Func Food Finland Oy with Func Food Finland Oy as surviving entity;
- (c) ~~(a)~~ disposals made by a Group Company to another Group Company;
- (d) ~~(b)~~ disposals made in the ordinary course of business of the disposing entity;
- (e) ~~(c)~~ disposals of obsolete and redundant assets;
- (f) ~~(d)~~ disposals of account receivable by way of factoring or invoice discounting;
- (g) ~~(e)~~ other than (a) – ~~(ef)~~ above, any disposals provided that the Incurrence Test, calculated pro forma with such disposal, is being met; and
- (h) ~~(f)~~ in addition to (a) – ~~(eg)~~ above, any disposals, provided that the Group applies the net proceeds from such disposals in reinvestment in the same line of the business within twelve (12) months from the disposal, and if no such reinvestment takes place within such reinvestment period, the net proceeds from such disposal shall be applied in partial repayment on the outstanding Bonds by way of reducing the Outstanding Nominal Amount of each Bond pro rata within two (2) months following the end of the reinvestment period,

provided that the transaction (other than in respect of paragraph (a and c) above) is carried out at fair market value and on arm's length terms. The repayment per Bond pursuant to paragraph (fh) above shall equal the repaid percentage of the Outstanding Nominal Amount (rounded down to the nearest EUR 1.00) plus 3.00 per cent. and accrued but unpaid interest on the repaid amount.

Notwithstanding the above, paragraph (h), shall not apply to any proceeds stemming from the disposal, divestment or discontinuation of the business relating Freddy (whether linked to Freddy Store AB or any other Group Company).

[...]

15. Events of Default and Acceleration of the Bonds

Each of the events or circumstances set out in this Clause 15 (other than Clause 15.~~10~~11 (*Acceleration of the Bonds*)) is an Event of Default.

[...]

15.6 Mergers and Demergers

A decision is made that any Material Group Company shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that (i) a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged, and (ii) a merger between the Target Company and BidCo in accordance with Clause 13.8(a) (*Merger*) or between Suomen Lisäraivinne Oy to Func Food Finland Oy in accordance with Clause 13.8(b) shall not be considered an Event of Default.

[...]

15.9 Disposal of Assets

The Issuer or any other Material Group Company ceases to carry on its business if such discontinuation is likely to have a Material Adverse Effect other than the discontinuation of Issuer's business relating to Freddy (whether linked to Freddy Store AB or any other Group Company).

[...]

15.10 Equity Injection

An amount of at least EUR 2,000,000, has not been contributed to the Issuer within two (2) months from the Second Amendment Effective Date. For the purpose of calculating the aforementioned amount the Issuer shall be allowed to include the EUR 1,575,592 which was contributed on 24 November 2017.

15.~~10~~11 Acceleration of the Bonds

[...]