

Troax Corp AB (publ)
PROSPECTUS REGARDING THE LISTING OF
MAXIMUM EUR 100,000,000
SENIOR SECURED CALLABLE FLOATING RATE BONDS
2014/2020
ISIN: SE0005799194

5 June 2015

IMPORTANT INFORMATION TO INVESTORS

The prospectus (the “**Prospectus**”) has been prepared by Troax Corp AB (publ) (the “**Company**”, the “**Issuer**” or “**Troax Corp**”), a subsidiary to Troax Group AB (publ) (“**Troax**”, the “**Group**” or “**Troax Group**”) in relation to the application for listing of the Company’s maximum 100,000,000 senior secured callable floating rate bonds 2014/2020 with ISIN SE0005799194, of which SEK 70,000,000 were issued on 12 June 2014 (the “**Bonds**”) (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”) (the “**Bond Loan**”), on the Corporate Bond List at Nasdaq Stockholm. See section “Definitions” for the definitions of these and other terms in this Prospectus.

The figures included in this Prospectus have, in certain cases, been rounded off and, consequently, the tables contained in this Prospectus do not necessarily add up. All financial amounts are in Swedish kronor (“**SEK**”), unless indicated otherwise. Except as expressly stated herein, no financial information in this Prospectus has been audited or reviewed by the Company’s auditor. Financial information relating to the Company in this Prospectus that is not part of the information audited or reviewed by the Company’s auditor as outlined herein originates from the Company’s internal accounting and reporting systems.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on Nasdaq Stockholm. This Prospectus may not be distributed in any country where such distribution or disposal requires additional prospectuses, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or any person who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and may not be subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

A Swedish prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:1980) (Sw. *lagen (1991:980) om handel med finansiella instrument*). This Prospectus is a translation into English of the Swedish prospectus approved and registered by the Swedish Financial Supervisory Authority. In the event of discrepancies between this Prospectus and the Swedish prospectus, the Swedish prospectus shall prevail. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or this Prospectus.

The Prospectus will be available at the Swedish Financial Supervisory Authority’s web page (www.fi.se) and the Company’s web page (www.troax.com) and paper copies may be obtained from the Company.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as “believes”, “estimates”, “anticipates”, “expects”, “assumes”, “forecasts”, “intends”, “could”, “will”, “should”, “would”, “according to estimates”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “to the knowledge of” or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in this Prospectus concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company’s knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company’s cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favorable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are strongly advised to read this Prospectus, including the following sections: “Summary”, “Risk factors”, “Business overview” and “Operating and financial review”, which include more detailed descriptions of factors that might have an impact on the Company’s business and the market in which it operates. The Company cannot give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in this Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in this Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets on which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in competition levels, changes in laws and regulations, and occurrence of accidents or environmental damages.

After the date of this Prospectus, the Company does not assume any obligation, except as required by law or Nasdaq Stockholm’s Rule Book for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

BUSINESS AND MARKET DATA

This Prospectus may include industry and market data pertaining to Troax’s business. Such information is based on the Company’s analysis of multiple sources. Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in this Prospectus that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data is based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

The Company assumes no responsibility for the correctness of any business or market data included in this Prospectus. Information provided by third parties has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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Definitions

The Company, the Issuer or Troax Corp	Troax Corp AB (publ),
Troax, the Group or Troax Group	Troax Group AB (publ), the group in which Troax Group AB (publ) is the parent company or a subsidiary of the group, as the context may require.
Agent	Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden.
The Bonds	Refers to the Senior Secured Callable Floating Rate Bonds 2014/2020.
EUR	Euro.
Euroclear Sweden	Euroclear Sweden AB.
Nasdaq Stockholm	The regulated market operated by Nasdaq Stockholm AB.
Prospectus	This Prospectus.
SEK	Swedish krona.
USD	US Dollar.

1 Risk factors

Investments in bonds always entail a risk and an investment in the Company's Bonds is not an exception in this respect. Potential investors should give careful consideration to all the information provided in the Prospectus and in particular assess the specific factors mentioned below which describe certain risks inherent in an investment in the Bonds. Each of the risks below and other risks and uncertainties mentioned in the Prospectus could, if they are realized, have a material negative effect on the Group's business, results, financial position or outlook, or result in a reduction in the value of the Bonds, which can lead to investors losing all or part of their invested capital. The risks and uncertainties described below are not stated in order of significance and do not represent the only risks and uncertainties faced by Troax. Further risks and uncertainties of which the Company is currently not aware or perceives as being insignificant could also develop into factors that could have a material adverse effect on the Group's business, results of operations, financial condition or outlook.

This Prospectus contains "forward-looking" statements that involve risks and uncertainties. The Company's actual results may differ significantly from the results discussed in forward-looking statements. Factors that might cause such differences are discussed below and elsewhere in this Prospectus. See "Operating and financial review".

RISKS RELATED TO THE GROUP'S BUSINESS AND INDUSTRY

THE GROUP IS EXPOSED TO MACROECONOMIC FACTORS

Troax's end-customers are typically integrators of automated production lines, OEMs, logistics companies, companies in the retail industry, housing co-operatives and property owners. Many of Troax's end-customers are subject to the changes in the general economy within the markets and geographical areas where they operate. Accordingly, macroeconomic changes may reduce end-customers' demand for mesh panel solutions from Troax.

Further, the economic situation on the global capital markets and the general economy in the US, Europe and Asia affects Troax's business, result and financial position. In the event of an economic recession, Troax's business may be negatively affected. The Group's business areas are in varying degrees affected by the economic activity in different industries; (i) Automation & Robotics is especially affected by the economic development in the manufacturing industry; (ii) Material Handling & Logistics is especially affected by the economic development in the retail industry, e-commerce and logistics industry; and (iii) Property Protection is especially affected by the economic development in the construction and real estate industry.

The strain that the global economy was subject to during the economic downturn in 2008-2009 also affected Troax, due to customer demand being affected by their willingness to invest and available financing. In the event of an economic recession, the demand for the Company's products could decrease due to macroeconomic factors, or because of other factors. Moreover, fluctuations in local or regional economic conditions may also affect Troax's end-customers and the demand for the Company's products. Should this occur, it could have a material adverse effect on the Group's business, financial condition or results of operations.

THE GROUP IS AFFECTED BY THE PRICE OF RAW MATERIAL

Troax is exposed to fluctuations in the prices of raw materials that are used in the Company's in-house manufacturing and the materials used in manufacturing the products that Troax sources from external suppliers. The raw material purchases for the production of mesh panel solutions include steel pipes, wire and powder coating for painting. The key raw materials used by Troax in manufacturing are primarily standard products that are used by a wide range of industries.

The Group carefully monitors the costs of relevant raw materials, however there is a risk that Troax in case of a shortage of raw material does not find suitable substitutes in order to compensate for the increased costs. Troax may further not be able to sufficiently increase product prices in response to increased commodities prices. If product prices are increased, Troax may not be able to implement the increase in time or that there is lag in implementing price increases. The ability to implement price increases is also affected by the actions of Troax's competitors. In the event that changes in the price of raw material affects Troax's product prices or manufacturing costs it may adversely affect the Company's market share, sales volumes and customer relationships, which could have a material adverse effect on the Group's business, financial condition or results of operations.

UNFORESEEN INTERRUPTIONS IN PRODUCTION, DAMAGE TO PROPERTY OR OTHER EVENTS DISTURBING THE VALUE CHAIN MAY AFFECT THE GROUP ADVERSELY

The Group's business is dependent on the main production facilities in Hillerstorp, Sweden and in Calco, Italy. If any of these production facilities would be fully or partly destroyed, closed or if any equipment in the facilities would be seriously harmed, the production and distribution of the Company's products may be obstructed or aborted. Troax further depends on the operations of the Company's global distribution hubs for deliveries and any disruptions or disturbances thereto could negatively affect the Group's logistics operations.

Troax's production comprises several processes, in which disruptions or disturbances, for example due to breakdowns, fires, labor disputes or natural disasters, can have repercussions on Troax's ability to fulfill its obligations towards its customers. Replacement of assets damaged by such events could be both difficult and expensive. Customers may depend on planned deliveries from Troax, and customers that have to reschedule their production or deliveries due to delivery delays on Troax's part may be able to pursue claims against the Group. Interruptions of production may also harm Troax's reputation among current and potential customers, potentially resulting in impaired customer relationships and a decrease in sales. To the extent that unforeseen interruptions in production, damage to property or other events disturbing the value chain are not fully covered by insurance, it could also have a material adverse effect on the Company's business, financial condition or results of operations. See "*Risk Factors—The Group's insurance coverage may not provide sufficient funds to protect the Group from all liabilities that could result from its operations*".

THE GROUP DEPENDS ON KEY PERSONNEL WITHIN MANAGEMENT, SALES AND TECHNOLOGY WHO MAY BE DIFFICULT TO RETAIN AND HIRE

The Group's success is dependent on the leadership of several key management personnel, including the CEO and other senior executives. Troax further believes that future success will depend on the continued support of key personnel and on the ability to continue to attract, motivate and retain highly skilled and qualified personnel. If Troax were to lose one or several key personnel, it could be difficult to successfully replace them, and the business, financial condition and results of operations could be adversely affected.

THE GROUP OPERATES IN A HIGHLY COMPETITIVE MARKET AND THE COMPANY MAY NOT BE ABLE TO COMPETE SUCCESSFULLY

The Group competes in markets that are fragmented and, in general, highly competitive and are expected to remain that way also in the future. Alternative products that currently compete with Troax's mesh panel solutions are, for example, basic wire and mesh solutions as well as motion detectors which detect the presence of humans near machines. There may also be alternative products or production technology that exists or is under development that the Company is not aware of, or which may be developed in the future that may, in one or several respects, compete with or supersede the Company's products or the effectiveness of its production.

Troax is currently well positioned as the leading company in the Group's main markets and such a position in itself always entails risk. If the Group is not able to compete successfully, it could result in an eroded market position which may have a material adverse effect on the Group's business, financial condition or results of operations.

DISRUPTIONS IN THE GROUP'S IT SYSTEMS COULD ADVERSELY AFFECT THE COMPANY'S BUSINESS

Troax is dependent on the efficient and uninterrupted operation of its IT-system to operate and monitor different areas of its business, including production systems, sales, warehousing, distribution, purchasing, and inventory control. A significant breakdown or other disruption to the IT-system may affect the ability to conduct operations and could have a material adverse effect on Troax's business, financial condition and results of operations.

THE GROUP'S INSURANCE COVERAGE MAY NOT PROVIDE SUFFICIENT FUNDS TO PROTECT THE GROUP FROM ALL LIABILITIES THAT COULD RESULT FROM ITS OPERATIONS

Troax maintains insurance policies to protect its core businesses against loss and/or potential liability in case of third party claims. Risks insured include property damage, business interruption, workers' compensation and employee benefits, public and product liability and product recall. There are certain types of losses that generally are not insured because they are either considered uninsurable. This may for example be property losses occasioned by war or terrorism or professional/personal liability claims where there has been negligence, intent or criminal acts. In addition, there may be certain types of losses that have been expressly excluded or for other reasons are not covered. Most of the insurance policies of Troax have limitations (sums insured) on the total amounts that may be recovered for any one loss event, any series of losses and in aggregate during an insurance period. Recovery is also generally dependent on the insured first making payment of the appropriate excess or deductible and that the maximum limitation amount has not already been exhausted. An uninsured loss, a loss that exceeds insured limits or a succession of such losses could have a material adverse effect on Troax's business, financial condition or results of operations.

THE GROUP MAY BE ADVERSELY AFFECTED BY PRODUCT LIABILITY AND OTHER PRODUCT RELATED CLAIMS

The Group is exposed to product liability and other product related claims in the event that the Group's products delivered are faulty or cause injury or damage to property. If a product is defective, Troax is typically liable for the rectification or replacement of the defective products. This occurs from time to time in both the consumer and industry markets. In addition, Troax has operations in the United States and expects that its operations will increase there in the future. The legal system in the United States is significantly different from the Swedish legal system. The legal system and claims which to some or a large extent relates to the United States are always difficult to evaluate and predict, both in terms of the outcome and in terms of the costs. See "*Risk Factors—Troax operates in a global environment and is consequently exposed to local business risks in many jurisdictions*".

Accordingly, Troax may become subject to product liability and other claims if the products the Group produces and purchase from external suppliers are defective, cause production stops or cause personal or property damage. If a product is defective, Troax may also have to recall the product. Further, the Group may not be able to file a corresponding claim against, by example, its own suppliers in order to receive compensation from them for damages and arisen costs. Thus, there is a risk that product liability, guarantee claims or recalls, both in the United States and in other countries, could have a material adverse effect on the Group's business, financial condition or results of operations.

THE GROUP DEPENDS ON MAINTAINING THE REPUTATION OF AND VALUE ASSOCIATED WITH THE COMPANY'S BRAND NAMES

Troax's brand names represent an important operational asset and the Company's success is dependent on maintaining the reputation of, and the value associated with, the brand names. To accomplish this objective, Troax relies on the quality and consistency of its products, as well as marketing to strengthen the Company's brand names. Marketing initiatives may prove to be ineffective and significant negative publicity or widespread product recalls or other similar events could cause irreparable damage to the Company's brand names. If Troax's or any of its brands reputation deteriorates it could have a material adverse effect on the Group's business, financial condition or results of operations.

THE GROUP DEPENDS ON MAINTAINING GOOD RELATIONS WITH LABOR UNIONS

Most of Troax's employees are members of and represented by different labor unions, mainly IF Metall and Unionen. Although Troax currently has good relations with its employees and their representatives, there is a risk that the relationships are impaired and problems may arise in the future. For example, in the event that Troax for one reason or another is forced to implement personnel reductions, this could result in problems and conflicts which lead to strikes, lock-outs or other industrial actions. Such actions may lead to interruptions in Troax's operations which could have a material adverse effect on the Group's business, financial condition or results of operations.

THE CONTINUED INTEGRATION OF THE SATECH ACQUISITION MAY BE UNSUCCESSFUL

In June 2014, Troax acquired the Italian company Satech and Troax has thereafter begun coordinating and integrating the operations conducted by Satech. This process involves complex technological, operational and personnel-related challenges, which could be time-consuming and expensive and may disrupt Troax's ordinary business. The difficulties, costs and delays that could be encountered may, *inter alia*, include: i) difficulties, costs or complications in combining the companies' operations which could result in Troax not achieving the anticipated benefits from the acquisition; ii) inconsistencies in standards, monitoring and , procedures and policies, business cultures and compensation structures; iii) diversion of management's attention from ongoing business concerns and other strategic opportunities; and iv) lack of coordination of geographically separate organizations. Therefore, there is risk that Troax does not achieve the anticipated financial and strategic benefits from its acquisition of Satech. If any of these risks were to materialize, it could have a material adverse effect on the Group's business, financial condition or results of operations.

TROAX MAY PURSUE FURTHER ACQUISITIONS OR JOINT VENTURES WHICH TROAX MAY NOT BE ABLE TO SUCCESSFULLY INTEGRATE OR MAY NOT BE ABLE TO REALIZE THE ANTICIPATED BENEFITS FROM

Troax has, since the acquisition of Satech, not entered into any agreements with respect to any possible acquisition but as part of the business strategy going forward, Troax will review and consider joint ventures, strategic relationships and acquisitions that the Group expects to complement the existing business.

If Troax consummates any such transaction, the capitalization and results of operations could change significantly. In addition, any acquisition Troax undertakes in the future could result in the incurrence of debt and contingent liabilities and an increase in interest expenses and depreciation and amortization expenses related to intangible and tangible assets, as well as impairment of goodwill.

Furthermore, there is risk that Troax may not be able to realize the anticipated benefits or the expected return of any consummated transactions, which could have a negative effect on the business. Troax could further run into difficulties assimilating its personnel and operations, or the key personnel of the acquired business may decide not to work for the Group. Troax could also have difficulties in integrating

technology or products into its current operations. If Troax is not able to realize the anticipated benefits or the expected return on its investments or acquisitions, it could have a material adverse effect on the Group's business, financial condition or results of operations.

THE GROUP IS SUBJECT TO NUMEROUS GOVERNMENTAL REGULATIONS, INCLUDING ENVIRONMENTAL LAWS, HEALTH AND SAFETY REGULATIONS AND ANTITRUST LAWS

Laws and regulations applicable to the industry and Troax's global business are, as a general matter, evolving and could increase the costs of doing business or otherwise affect the Troax's business. There is a risk that new legislation, rules or regulations will impose additional costs on Troax's business or make Troax subject to additional liabilities. If Troax becomes subject to claims that its operations violate new or existing laws, rules or regulations, it could have a material adverse effect on the Group's business, financial condition or results of operations.

More specifically, Troax is subject to a number of European Union, national, regional and local environmental and occupational health and safety laws, rules and regulations and regulatory standards relating to the protection of the environment and natural resources, including the management of hazardous substances and wastes, air emissions including regulation of greenhouse gas emissions, water discharges, transportation, remediation of contamination and workplace health and safety. Compliance with these laws and regulations entails considerable costs and violation of these laws could result in substantial penalties, temporary or permanent production facility closures, criminal convictions and civil liability, the imposition of which could adversely affect Troax's business, financial condition and result of operations.

Changes in existing environmental requirements or the discovery of as yet unidentified environmental liabilities associated with Troax's historical operations or the historical operations of any of the Group's predecessors could require Troax to incur material costs or suspend or scale back operations temporarily or permanently.

Moreover, regulatory authorities could suspend Troax's operations or refuse to renew the permits and authorizations the Group require to operate. Governmental organizations could also mandate upgrades or changes to Troax's processes that could result in significant costs. Troax anticipates that the countries where the Group conducts business will adopt increasingly strict environmental laws and regulations and to interpret and enforce existing laws and regulations more aggressively. This trend could have a material adverse effect on Troax's business, financial condition or results of operations.

In addition to laws and regulations affecting Troax's production sites and manufacturing processes, environmental legislation is increasingly affecting Troax's product portfolio by prohibiting or reducing substances Troax can utilize, requiring such substances to be registered and analyzed for safety (such as the European Union "REACH" regulation), implementing recovery obligations for used packaging and products and requiring the improvement of the energy efficiency of products. Compliance with such laws and regulations entails considerable costs, and violation of these laws and regulations could result in material sanctions and temporary or permanent prohibitions on the marketing and sale of certain products.

Antitrust regulations may also have a considerable impact on Troax's business. There is a risk that Troax, mainly due to the existing competitive situation in many of the markets in which Troax is active, or certain of the Group's subsidiaries or affiliates become subject to future antitrust investigations by relevant authorities and will be required to pay fines or be subject to claims for damages from third parties for violations of applicable antitrust laws. An unfavorable result in any potential future investigations and proceedings in connection with antitrust laws would have a material adverse effect on Troax's business, financial condition, results of operations and liquidity. In addition, Troax's involvement in such investigations and proceedings may adversely affect Troax's reputation and customer relationships.

TROAX IS EXPOSED TO ENVIRONMENTAL RISKS AND COULD BE LIABLE FOR HISTORICAL OPERATIONS ON THE PRODUCTION FACILITY IN HILLERSTORP

Troax conducts business on properties which have a long history of industrial activities, particularly in Hillerstorp. Pursuant to the Swedish Environmental Code (1998:808), the entity that conducted operations that have contributed to contamination is responsible for any remediation. Such liability may also arise pursuant to laws in other jurisdictions where Troax conducts business. Furthermore, liability for costs due to environmental responsibility could be incurred by way of agreement with a property owner or other party. Therefore, under certain circumstances, Troax could face claims and liability regarding cost compensation or measures for soil decontamination or remediation to put property into the condition prescribed by the Swedish Environmental Code or other applicable legislation, following the occurrence, or suspicion, of soil, water area or ground water contamination.

Troax's historical operations have lead to increased levels of trichloroethylene in the ground water on the property in Hillerstorp, Sweden. Currently, examinations are being carried out by way of drilling to determine the environmental impact of the historical operations. The test results from the monitoring, which are currently made on a quarterly basis, indicate levels which would normally not entail any further action. Final verdict is expected from the County Administrative Board (Sw. *Länsstyrelsen*) or the municipality during fall 2015 (preliminary date). The previous drillings are not sufficient to accurately predict or determine the final outcome in the matter. As of the date of this Prospectus, the Group has not made any depositions pursuant to this environmental issue. Based on historical data and the Swedish Environmental Protection Agency's (Sw. *Naturvårdsverket*) report 5663, February 2007, regarding decontamination and after treatment, the Company's initial assessment is that the economic risk should not exceed MSEK 10.

If the abovementioned examinations and monitoring should find that further action is needed or the aforementioned risks should materialize, it could have a material adverse effect on the Group's business, financial condition or results of operations.

THE GROUP MAY BE SUBJECT TO LEGAL AND ADMINISTRATIVE PROCEEDINGS

Group companies may become involved in disputes within the framework of their normal business activities and there is always a risk that the Group is subject to claims in suits concerning agreements, product liability, alleged faults in supplies of goods and services and environmental issues. In addition, Group companies (or Group companies' officers, directors, employees or affiliates) may become subject to criminal investigations and proceedings. Disputes, claims, investigations and proceedings of this kind can be time consuming, disrupt normal operations, involve large claim amounts and result in considerable costs. Moreover, it can be difficult to predict the outcome of complex disputes, claims, investigations and proceedings, which could have a material adverse effect on Group's business, financial condition and results of operations.

RESTRICTIVE COVENANTS IN THE TERMS AND CONDITIONS OF THE OUTSTANDING BOND LOAN MAY RESTRICT TROAX

Restrictive covenants in Troax Corp's outstanding Bond Loan (senior callable floating rate bonds) of maximum MEUR 100 2014/2020 may restrict the Group's ability to operate its business. As of the date of this Prospectus, Troax's outstanding borrowings under the Bond Loan amounted to approximately MEUR 70. The Group's failure to comply with the covenants of the Bond Loan, including as a result of events beyond the Group's control, could result in an event of default that could materially and adversely affect the Group's financial condition and results of operations. The terms and conditions governing the Bond Loan (the "**Terms and Conditions**"), which was subject to changes following a meeting of Holders (as defined in the Terms and Conditions) on 30 January 2015, contain negative covenants restricting, among other things, the Group's ability to:

- incur additional financial indebtedness (as defined in the Terms and Conditions);
- pay dividends, repurchase shares or make other restricted payments (subject to certain restrictions);
- create pledges and post guarantees over asset;
- merge or consolidate with other entities (subject to certain restrictions);
- sell, lease or transfer shares or assets in certain Group companies if the transaction does not meet certain criteria; and
- enter into certain transactions with affiliates;

In the event that Troax Corp is in breach of the Terms and Conditions and this is not remedied or is not cured or waived, the agent of the Bond Loan may terminate their commitments under the Bond Loan and cause all amounts outstanding with respect to the Bond Loan to be due and payable immediately. Any such actions could force Troax into bankruptcy or liquidation, and the value of an investment in the Bonds would be materially impaired.

THE GROUP'S FINANCING MAY LIMIT FINANCIAL AND OPERATIONAL FLEXIBILITY

Troax's principal indebtedness is represented by the Bond Loan. As of the date of this Prospectus, Troax's total borrowings under the Bond Loan amounted to approximately MSEK 70. Although the Terms and Conditions contain restrictions on the incurrence of additional indebtedness, Troax may incur substantial debt in the future, as these restrictions are subject to a number of significant qualifications and exceptions. See *Risk Factors—Restrictive covenants in the terms and conditions of the Bond Loan may restrict Troax*".

A high level of indebtedness could affect Troax in that Troax must dedicate a substantial portion of its cash flow from operations to service the subsequent undertakings, which could reduce the cash available to finance Troax's operations and for capital expenditure, working capital and dividends. The level of Troax's indebtedness also increases the vulnerability to adverse operational challenges, general economic and industry conditions and limits Troax's flexibility to plan for or react to changes in Troax's operations or operating environment.

Troax's ability to service the indebtedness will depend on future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond the Company's control. If Troax cannot service the indebtedness and meet the obligations and commitments under the Bond Loan, the Company might be required to refinance the Bond Loan or to dispose of assets to obtain funds for such purpose. There is a risk that refinancing or asset disposals cannot be effectuated on a timely basis or on satisfactory commercial terms, if at all, or would be permitted by the Terms and Conditions. Any refinancing of the Bond Loan could be at higher interest rates and may require Troax to comply with more onerous covenants, which could further restrict the business operations. As a result, Troax's inability to generate sufficient cash flow to satisfy the Company's debt service obligations, or to refinance or restructure the Bond Loan on reasonable terms or at all, would have an adverse effect, which could be material, on Troax's business, financial condition and results of operations.

EXPOSURE TO CURRENCY RISK MAY AFFECT TROAX'S CASH FLOW, INCOME STATEMENT AND BALANCE SHEET

Currency risk refers to the risk of exchange rate fluctuations having an adverse effect on the Group's consolidated income statement, balance sheet or cash flow. Since 1 January 2015, Troax reports in EUR and EUR is the Company's principal functional currency. Foreign exchange exposure occurs in

conjunction with products and services being bought or sold in currencies other than the respective subsidiary's local currency (transaction exposure) and during conversion of the balance sheets and income statements of foreign subsidiaries into EUR (translation exposure). Troax's global operations give rise to significant cash flow in foreign currency. Troax is principally exposed to changes in SEK, USD and GBP compared to EUR. A strengthening of EUR against SEK by 5 percent would imply a positive effect on the Group's reported earnings by approximately MEUR 0.6. Accordingly, any exchange rate fluctuations could have an adverse effect on the Group's business operations, financial condition or results of operations.

THE GROUP IS EXPOSED TO TAX RELATED RISKS

Troax's sales is primarily generated through subsidiaries in a number of countries. Transactions between Group companies are made according to Troax's understanding or interpretation of current tax laws, tax treaties, other tax law stipulations and the requirements of the tax authorities concerned. The tax authorities of the countries concerned could make assessments and take decisions which deviate from Troax's understanding or interpretation of the applicable laws, treaties and other regulations. Troax's tax position, both for previous years and the present year, may change as a result of the decisions of the tax authorities concerned, or as a result of changed laws, treaties and other regulations. Such decisions or changes, possibly retroactive, could have a material adverse affect on the Group's business, financial condition or results of operations.

TROAX'S RISK MANAGEMENT POLICIES AND PROCEDURES COULD LEAVE THE GROUP EXPOSED TO UNIDENTIFIED OR UNANTICIPATED RISKS

Troax has devoted resources to developing its risk management policies and procedures. Nonetheless, Troax's risk management techniques may not be fully effective in mitigating Troax's risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of Troax's methods of managing risks are based upon Troax's observed and future predictions as regards market behavior. As a result, the methods may not accurately predict future risk exposures, which could be significantly greater than current measures indicate and Troax could be exposed to currently unidentified compliance issues in the various jurisdictions where Troax operates. Other risk management methods depend upon evaluation of information regarding the markets in which Troax operates, its clients or other matters that are publicly available or otherwise accessible by Troax. This information could be inaccurate, incomplete, not up to date or not properly evaluated. Any failure by Troax's risk management techniques may have a material adverse effect on its business, results of operations or financial condition.

Further, there is a risk that individuals employed or contracted by Troax do not adhere to the Group's policies and procedures. Accordingly, certain individuals may take actions, including fraudulent and corruption related behavior, which are in direct conflict with Troax's established policies and procedures, or have not been sanctioned by Troax. Moreover, Troax's growth and expansion may affect the Group's ability to implement and maintain stringent internal controls. Troax's risk management and internal control capabilities are also limited by the information, tools and technologies available to the Group. Any material deficiency in Troax's risk management or other internal control policies or procedures may expose the Group to significant credit, liquidity, market, reputational, operational or technical risk, which may in turn have a material adverse effect on the Group's business, results of operations or financial condition.

THE GROUP OPERATES IN A GLOBAL ENVIRONMENT AND IS CONSEQUENTLY EXPOSED TO LOCAL BUSINESS RISKS IN MANY JURISDICTIONS

Troax operates in a global environment and is consequently exposed to various risks. For example, misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by employees, agents or partners of Troax could have a significant negative impact on the business and

reputation of Troax. Such conduct could result in failure to comply with government procurement regulations; regulations regarding the protection of classified information; regulations prohibiting bribery and other corrupt practices; regulations regarding the pricing of labour and other costs in contracts; regulations on lobbying or similar activities; regulations pertaining to internal controls over financial reporting; environmental, trade, competition and anti-trust laws and regulations; and any other applicable laws or regulations. Failure to comply with applicable laws or regulations or acts of misconduct could subject Troax to fines, penalties, and suspension or debarment from contracting; or negative effects on its reputation, which could weaken its ability to win contracts and result in reduced revenues and profits.

Moreover, trade restrictions introduced by way of laws, policies, measures, controls or other actions implemented by the authorities in the countries where Troax operates, or in other countries where Troax may operate in the future, as well as sanctions or other measures by associations and organizations such as the EU and UN, may restrict Troax's operations, delay or prevent planned investments or otherwise adversely affect Troax's financial results. Troax's is also subject to risks inherent in general business activities, such as:

- Fees and rules relating to customs and anti-circumvention fines;
- Recessionary trends, inflation or instability in local markets;
- Differences and unexpected changes in regulatory environments, including environmental, health and safety, local planning and labor laws, rules and regulations;
- The introduction or application of more stringent product norms and standards and associated costs;
- Exposure to different legal standards and enforcement mechanisms and the cost of compliance with those standards;
- Being subject to multiple taxation regimes, including regulations relating to transfer pricing and withholding tax on remittance and other payments by or to subsidiaries;
- Being subject to various, and potentially overlapping, regulations and rules, particularly those relating to export and import controls, anti-corruption and anti-bribery;
- Longer payment terms for debtors on accounts receivables and difficulties collecting accounts receivable;
- Tariffs, duties, export controls, import restrictions and other trade barriers;
- Variances in pricing restrictions;
- Foreign exchange control and restriction on repatriation factors of funds; and
- Political and social unrest and instability.

Troax may not be able to develop and implement systems, policies and practices to completely manage these risks or comply with applicable regulations without incurring additional costs. The materialization of any of these risks could have a material adverse effect on Troax's business, financial condition or results of operations.

RISKS RELATED TO THE BONDS

MARKET RISK

The market value of the Bonds depends on several factors, including, but not limited to, market interest rate. Investments in the Bonds involve the risk that fluctuations in market interest rates may adversely affect the value of the Bonds.

LIQUIDITY RISK

Although the Company shall use its best efforts to ensure that the Bonds are listed on the Nasdaq Stockholm, there is a risk that such application will not be accepted or that the Bonds will not be admitted. Prior to any admission to trading, there has been no public market for the Bonds. In view thereof, there is also a risk that an active trading market for the Bonds will not develop or, if developed, will not be sustained. The Nominal Amount may not be indicative of the market price for the Bonds. Furthermore, following a listing of the Bonds, the liquidity and trading price of the Bonds may be subject to fluctuations in response to many factors, including those referred to in this section, as well as to market fluctuations and general economic conditions that may adversely affect the liquidity and price of the Bonds, regardless of the actual performance of the Issuer and the Group. In addition, transaction costs in any secondary market may be high. Therefore, Holders may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Accordingly, the purchase of Bonds is suitable only for investors who can bear the risks associated with a lack of liquidity in the Bonds and the financial and other risks associated with an investment in the Bonds. Investors must be prepared to hold the Bonds until maturity.

CREDIT RISK

Investors in the Bonds carry a credit risk relating to the Group as investors' ability to receive payment under the Terms and Conditions is dependent on the Group'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. An increased credit risk or decrease in the Group's creditworthiness may cause the market to charge a higher risk premium on the Bonds, which could have a materially adverse effect on the market price thereof. Another aspect of the credit risk is that a deterioration in the financial position of the Group may reduce the Group's ability to obtain any debt financing required to repay Holders at the time of the maturity of the Bonds.

REFINANCING RISK

The Company may be required to refinance certain or all of its outstanding debt, including the Bonds. The Company's ability to successfully refinance such debt is dependent on the conditions of the financial markets in general at such time. As a result, the Company's access to financing sources at a particular time may not be available on favourable terms, or at all. The Company's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the Company's ability to repay amounts due under the Bonds.

RISK RELATING TO THE SECURITY AGENT ACTING ON BEHALF OF HOLDERS

The Agent is entitled to enter into certain agreements with the Company or a third party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the intra-group loan agreements or for the purpose of settling, among others, any Holders rights under the agreements. Although there is a limitation that any such actions shall not be taken if the Agent deems the action to be detrimental to the interests of the Holders, there is a risk that actions will be taken that may be considered to be detrimental in the view of some or all of the Holders.

RISKS RELATED TO EARLY REDEMPTION

Pursuant to the Terms and Conditions, the Company has the right to redeem all outstanding Bonds prior to the final redemption date. If the Bonds are redeemed before the final redemption date, the holders of the Bonds will receive an early redemption amount which exceeds the nominal amount of 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 Holders 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. In addition, the Terms and Conditions contain certain mandatory prepayment rights in favor of the Holders, however it is possible that the Company will not have sufficient funds at the time of the mandatory prepayment to make the required redemption of Bonds.

NO ACTION AGAINST THE COMPANY AND HOLDERS' REPRESENTATION

In accordance with the Terms and Conditions, the Agent will represent all Holders in all matters relating to the Bonds and the Holders are prevented from taking actions on their own against the Company. Consequently, individual Holders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Company and may therefore lack effective remedies unless and until a requisite majority of the Holders agree to take such action.

However, there is a risk that a Holder, in certain situations, could bring its own action against the Company (in breach of the Terms and Conditions), which could negatively impact an acceleration of the Bonds or other action against the Company.

To enable the Agent to represent Holders in court, the Holders may have to submit a written power of attorney for legal proceedings. The failure of all Holders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all Holders. Consequently, the actions of the Bonds Agent in such matters could impact a Holder's rights under the Conditions in a manner that would be undesirable for some of the Holders.

HOLDERS' MEETINGS

The Terms and Conditions includes certain provisions regarding Holders' meeting. Such meetings may be held in order to resolve on matters relating to the Holders' interests. The Conditions will allow for stated majorities to pass certain resolutions which are binding upon all Holders, including Holders' who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted Holders' meeting. Consequently, the actions of the majority in such matters could impact a Holder's rights in a manner that would be undesirable for some of the Holders.

RESTRICTIONS ON THE TRANSFERABILITY OF THE BONDS

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in the United States. The Company has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country's securities laws. It is the Holder's obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

AMENDED AND NEW LEGISLATION

The Terms and Conditions is based on Swedish law in force as at the date of the Bond Loan. There is a risk that possible future legislative measures or changes or modifications to administrative practices in Sweden may have an impact on the rights of the Holders. Changes in legislation, case law or administrative practice related to corporate income tax or other tax could adversely affect the Group's operations, result and financial position.

2 Statement of responsibility

The Bonds were issued on 12 June 2014 and the issue was made based on a decision by the Board of Directors of the Company. The Prospectus has been prepared in relation to the Company applying for listing of the Bonds on the corporate bond list on Nasdaq Stockholm, in accordance with the Directive 2003/71/EC together with any applicable implementing measures, including Directive 2010/73/EC and the Commission Regulation (EC) No 809/2004 (including the Commission Regulation (EC) No 486/2012) and Ch. 2 of the Trading Act.

The Board of Directors is responsible for the information given in the Prospectus only under the conditions and to the extent set forth in Swedish law. The Board of Directors confirms that, having taken all reasonable care to ensure that such is the case, the information in the Prospectus is, to the best of the Board of Directors' knowledge, in accordance with the facts and no omissions likely to affect its import.

Hillerstorp, 5 June 2015

Troax Corp AB (publ)
The Board of Directors

3 The Bonds in brief

This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. 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. The complete terms and conditions can be found in the last section of the Prospectus.

Concepts and terms defined in the section Terms and Condition of the Bonds are used with the same meaning in this description unless otherwise is explicitly understood from the context.

The Issuer:	Troax Corp AB (publ), reg. no. 556916-4048, a public limited liability company with registered office in Stockholm.
The Bonds:	The Bonds are unilateral debt instruments intended for public trading as set out in Ch. 1 Sec. 3 of the Financial Instruments Accounts Act (<i>Sw. ensidig skuldförbindelse avsedd för allmän omsättning enligt 1 kap. 3 § lag (1998:1479) om kontoföring av finansiella instrument</i>). The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer.
Issue date:	12 June 2014.
ISIN-code:	SE0005799194.
Short name:	TROAX01.
The Principle Amount:	The total nominal amount of the Bond Loan is EUR 100,000,000, whereof EUR 70,000,000 has been issued.
Purpose of issue proceeds:	To diversify the Issuer's funding sources and repayment of existing credit facilities.
Nominal amount and denomination:	Each Bond has an initial nominal amount of EUR 100,000 and is denominated in EUR.
Voluntary Partial Repayment:	On 18 May 2015, the Issuer gave notice to the Holders regarding a Voluntary Partial Repayment of an amount equal to EUR 14,300 (round off to a multiple of EURO 100) of principal debt outstanding on each Bond at a price equal to 103.75 per cent, together with accrued but unpaid interest on the repaid Nominal Amount until and including the date of payment. The repayment will be made on 22 June 2015, 20 Business Days after the Holders are deemed to have received the notice, to such Person who is registered as a Holder on the Record Date prior to the Redemption Date, or to such other Person who is registered with Euroclear Sweden on such date as being entitled to receive the relevant payment.
Interest:	A floating rate of EURIBOR (3 months) + 5.5 per cent. per annum up to and including the Maturity Date, payable on 12 March, 12 June,

	12 September and 12 December each year. The first payment is due on 12 March 2013 and the final payment is due on the Maturity Date or, if applicable, the Early Redemption Date. Interest shall be paid on an actual number of days/360-day basis.
Maturity date:	12 June 2020 at which date the Issuer shall redeem all outstanding Bonds at the nominal amount together with accrued interest.
The right to receive payments under the Bonds:	Payment of the nominal amount and interest shall be made to the person who is registered in the securities register (Sw. <i>skuldbok</i>) as Holder on each Interest Payment Date for the preceding Interest Period.
Permitted Merger:	Following a Written Procedure concluded on 30 January 2015, the Holders resolved, with effect as of the same date, to amend the Terms and Conditions e.g. with respect to a Permitted Merger which means a merger between Troax Group and the Issuer, where Troax Group is the surviving entity. The Permitted Merger is expected to be commenced and completed during 2015 and once the Permitted Merger is completed, Troax Group will have assumed all the rights and liabilities of the Issuer.
Change of control:	In the case of a Change of Control Event the Holders have the right to request that all, but not only some, of their Bonds to be repurchased at an amount corresponding to 101 per cent. of the nominal amount of each Bond together with accrued but unpaid interest in accordance with the procedure set out in the Terms and Conditions of the Bonds.
Restrictions on trade:	There are no restrictions in the Terms and Conditions of the Bonds for the Holders to freely transfer the Bonds.
Agent:	Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden.
Rating:	The Bonds have not been assigned an official credit rating by any credit rating agency.
Listing of the Bonds on the corporate bond list on Nasdaq Stockholm:	The Issuer will submit an application for listing of the 700 issued Bonds having an initial nominal amount of EUR 100,000 and denominated in EUR on the corporate bond list on Nasdaq Stockholm in connection with the approval of the Prospectus by the Swedish Financial Supervisory Authority (the "SFSA"). The preliminary first trading date of the Bonds is 12 June 2015.

Securities register (Sw. *skuldbok*) and financial institution (Sw. *finansiellt institut*) through which the Holders can exercise their financial rights:

The Bonds are connected to the account-based system of Euroclear Sweden. Holdings of the Bonds are registered on behalf of the Holders on a securities account and no physical Bonds have, or will be, issued. The Holders' financial rights such as payments of the Nominal Amount and interest, as well as, if applicable, withholding of preliminary tax will be made by Euroclear Sweden.

Governing law:

The Bonds have been issued in accordance with Swedish law.

Listing costs:

Cost and expenses incurred by the Company in connection with the listing of the Bonds such as expenses for admission to trading in relation to the SFSA and Nasdaq Stockholm (excluding Nasdaq Stockholm's annual fee) as well as fees to advisors is estimated to be approximately SEK 500,000.

4 The Company and its operations

Introduction

The parent of the Group, Troax, is a leading global supplier of indoor perimeter protection (“metal-based mesh panel solutions”) within the business areas: (i) Automation & Robotics (A&R), (ii) Material Handling & Logistics (MHL) and (iii) Property Protection (PP). Since its inception in 1955, the Company has evolved from a generalist producer of wire products (e.g. dish racks and shopping carts) to a leading supplier of high quality metal based mesh panel solutions that enhance the safety for people, property and processes. During this time, Troax has developed a global sales organization, which together with its own production facilities and distribution hubs, constitutes the platform from which Troax delivers mesh panel solutions to customers around the world. Troax and Troax Corp are both holding companies and the operational business takes place in subsidiaries of Troax Corp. Troax Corp only holds the shares in the subsidiaries in addition to being the Issuer of the Bond Loan.

Metal-based mesh panel solutions consist of modular mesh panel components, which in combination with accessories form tailored solutions for Troax’s customers. A metal-based mesh panel solution can, for example, consist of metal mesh panel, posts, fittings and a gate with safe lock.

Troax’s expertise lies in developing and producing high quality metal-based mesh panel solutions that enhance the safety for people, property and processes. Together with its logistics set-up, comprising local distribution hubs and warehouses, Troax can ensure local presence and short delivery times.

Troax is the global market leader in metal-based mesh panel solutions with a market share of approximately 10 percent in 2013. In Troax’s main market, Europe, Troax estimates its market share to 20 percent and that Troax is almost two and a half times larger than its closest competitor. Troax is the European market leader within its defined business areas (Automation and Robotics, Material Handling and Logistics as well as Property Protection). Troax is headquartered in Hillerstorp, Sweden, but is currently represented in 31 countries and operates primarily through wholly-owned subsidiaries. The Company has four production units located in Sweden, UK, China and Italy with total annual production capacity of approximately 1,200,000 meters of metal-based mesh panel and 70,000 meters of metal panels. 1,000,000 meters of the capacity is in Troax’s main production facility in Hillerstorp in Sweden. The Company also has seven distribution hubs around the world.

Business areas

Automation & Robotics (A&R)

Troax’s products in the business area A&R are used to protect humans from machinery and robotics in automated production processes and to restrict machine access for unauthorized personnel. To complement the mesh panel products, Troax offers fixing systems, safety locks and other features. Troax offers four kinds of fixing systems: Smart Fix (fixing systems for security), Rapid Fix (fixing systems quick and flexible accessibility), Strong Fix (robust and extra resistant fixing system consisting of poles and bracket) and Combi Fix (combination of Rapid Fix and Smart Fix). The customer can combine the panels and choice of application to create a complete machine protection system.

Competing products include electronic and motion control sensors which do not meet safety demands when it comes to physical protection. Such products are rather considered a complementary to mesh panel solutions. Many customers prefer physical protection and a barrier to entry, not only to increase safety but also to have a protected production process. Other competing products include the production of small sized range robots, which are mainly used in the pharmaceutical and electronics business areas. In these business areas Troax’s solutions are currently considered to be over dimensioned and this is not a business area that Troax focuses on today.

Material Handling & Logistics (MHL)

Products for MHL include storage cages, warehouse partitioning and anti-collapse screens for racking. Troax offers solutions for the entire logistics flow. The primary scope of use for the end-customer include separation and securely limit automated logistics processes and server rooms, as well as safety for personnel working in logistics centers and/or in storages.

In the business area MHL, Troax supplies mesh panel solutions to a wide range of industries. These industries range from traditional manufacturers that are dependent on large-scale material flows and volumes through their manufacturing facilities, to large logistics facilities.

Competing products mainly include nylon nets. However, these are not direct substitutes due to their inferior function and strength compared to that of metal-based mesh panel solutions.

Property Protection (PP)

Troax's products in the PP business area offers housing associations, residential property owners and commercial safe storage operators a standard and customized mesh panel solution providing for an economical and safe storage solution. The PP business area is mainly focused on the Nordic market.

Troax's products provide protection against break-ins and vandalism for self-storage units (apartment or basement storage), garages, basements, loft spaces, rental storages and server rooms in the residential new build and renovation markets. Less expensive substitutes, such as poultry netting, exist but these are of inferior quality and offer less property protection.

Product development

Troax's objective is to be the leader in innovative mesh panel solutions that protect people, property and processes. To achieve this objective, Troax strives to develop and improve core products and solutions in all market business areas. The Company bases its development process on trends and analyses of customer needs and requirements, of which two product examples are Door-in-a-box and Strong Fix. The Company has its own product development department, which together with other departments continually works to optimize the Company's products and system solutions. In 2014, Troax employed five full-time employees within its product development department and invested approximately 382 000 EUR.

Business concept and financial targets

Mission

Troax is dedicated to exceed customers' expectations in every aspect. Troax's mission is to develop innovative safety solutions that protect people, property and processes.

Vision

Troax's vision is to fulfill the needs for secure and safe storage, machine safety and partitioning. Troax shall continue to be the preferred provider of innovative safety solutions. Troax shall continue to establish itself as the leading supplier of mesh panel and have a worldwide presence in all major areas.

Business model

Troax provides products of the highest quality and functionality using automated and environmentally friendly production processes. The Company offers competitive and flexible modular systems for partitioning and guarding that are compliant with laws and regulations. Troax's aim is to respond promptly and professionally to customer's needs, as a local and worldwide partner offering reliability, expertise, service and support.

Core values

Troax's core values are tied to the organization's ambitions and objectives and form the foundation for the Company's corporate culture. The core values, which permeate all of Troax's activities and characterize employees' efforts, can be summarized in five points:

• <i>"Customer focus"</i>	"Troax has customer focus in all they do and know what it takes to deliver first class service."
• <i>"Committed to quality"</i>	"Troax is committed to quality and dedicated to offer high quality solutions worldwide."
• <i>"Professionalism, integrity and ethics"</i>	"Troax acts with professionalism, integrity and ethics."
• <i>"Cooperation"</i>	"Cooperation is a key factor to success."
• <i>"Support, help and respect"</i>	"Troax supports, helps and respects each other to make a difference."

Value proposition

Troax's expertise lies in developing and producing high quality mesh panel solutions that enhance the safety and security for people, property and processes.

People	Protects people from dangerous machines in automated areas
Processes	Protects fine-tuned processes from human tampering through access control
Property	Safe storage of objects in warehouses and residential areas

Financial targets

In relation to its strategic initiatives, Troax has adopted certain financial targets, as presented below. All statements under this section are forward-looking statements.

Sales growth	Troax's objective is to exceed the growth in the Company's current markets through organic growth, as well as selective acquisitions.
Profitability	Troax's target is to have an operating margin in excess of 20 percent.
Capital structure	Net debt in relation to EBITDA, excluding temporary deviations, shall not exceed 2.5 times.
Dividend policy	Troax's target is to pay approximately 50 percent of its net profit in dividends. The dividend proposal shall take into account Troax's long-term development potential, its financial position and its investment needs.

Financial targets represent forward-looking information. Forward-looking information shall not be regarded as guarantees for future earnings or development and actual results may differ materially from those expressed in forward-looking information. See also "Important information to investors - Forward-looking statements" and "Risk factors".

Ownership structure

As of the date of this Prospectus, the Company is a wholly-owned subsidiary to Troax Group, a company listed on Nasdaq Stockholm.

5 Board of directors, senior management and auditors

Board of directors

Troax Corp's board of directors consists of three (3) ordinary members, including the chairman of the board, with no deputy board members, all of whom are elected for the period up until the end of the annual shareholders' meeting 2016. The table below shows the members of the board of directors and when they were first elected.

Name	Position	Member since
Ola Österberg	Chairman	2013
Thomas Widstrand	Director	2013
Lennart Lindeberg	Director	2010

Ola Österberg

Born: 1966

Ola Österberg has served as CFO of Troax since 2008. Ola Österberg has more than 20 years of experience from positions as controller and CFO within Svedbergs i Dalstorp AB and ITAB.

Ola Österberg holds a B.Sc. in business administration from Växjö University, Sweden.

Other current assignments: Member of the board of directors TX Intressenter AB and partner of Ekonåmen Österberg HB.

Previous assignments (last five years): --.

Thomas Widstrand

Born: 1957

Thomas Widstrand has served as a member of the board of directors since 2014 and as the CEO of Troax since 2008. Thomas Widstrand has over 25 years of experience from leading positions within international businesses such as CEO of Borås Wäfveri AB, CEO of Cardo Pump and division manager at ESAB.

Thomas Widstrand holds a MBA from the University of Gothenburg, School of Business, Economics and Law.

Other current assignments: Profilgruppen AB, Bellman & Symfon AB (resigned 2 May 2015, under registration), MoWidare Företagsutveckling AB (chairman), Thomas Widstrand Förvaltnings AB (chairman) and TX Intressenter AB (chairman).

Previous assignments (last five years): Member of the board of directors of Alvedoor AB and Alvedoor International AB.

Other information: Member of the board of directors of Alvedoor AB and Alvedoor International AB when the companies were declared bankrupt in 2012. The bankruptcy processes ended on 18 September 2014 and on 9 April 2014 with no surplus.

Lennart Lindeberg

Born: 1963

Lennart Lindeberg has served as Vice President and Supply Chain Manager of Troax since 2008. Lennart Lindeberg has more than 20 years of experience from purchasing, logistics, supply chain and management.

Lennart Lindeberg holds a M.Sc. in Mechanical Engineering from Chalmers University of Technology in Gothenburg, Sweden.

Other current assignments: Member of the board of directors of Le Petit Vin AB and Nässjö Plåtprodukter AB.

Previous assignments (last five years):--.

Senior management

Thomas Widstrand

Born: 1957

Thomas Widstrand has served as CEO of Troax since 2008.

See section “*Board of directors*” for further information.

For information regarding the board of directors and the senior management of Troax Group, see the prospectus of Troax Group dated 16 March 2015.

Auditor

Öhrlings PricewaterhouseCoopers AB has been the Company’s auditor since 2013 (involved in the Group since 2011) and was re-elected as auditors at the annual shareholders’ meeting 2015 until the end of the annual shareholders’ meeting 2016. Magnus Brändström (born 1962) is the auditor in charge. Magnus Brändström is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). Öhrlings PricewaterhouseCoopers AB office address is Torsgatan 21, 113 21 Stockholm, Sweden. Öhrlings PricewaterhouseCoopers AB has been auditor throughout the entire period which the historic financial information in this Prospectus covers.

Other information about the board of directors and senior management

There are no family ties between any of the members of the board of directors or senior management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and senior management of the Company and their private interests and/or other undertakings. During the last five years, none of the members of the board of directors or the members of the senior management have (i) been sentenced for fraud-related offences, (ii) except as set out above, represented a company which has been declared bankrupt or filed for liquidation, (iii) been the subject of sanctions or accused by authorities or bodies acting for particular professional groups under public law or (iv) been subject to injunctions against carrying on business.

All members of the board of directors and the members of the senior management are available at the Company’s main office at Hillerstorp, Sweden.

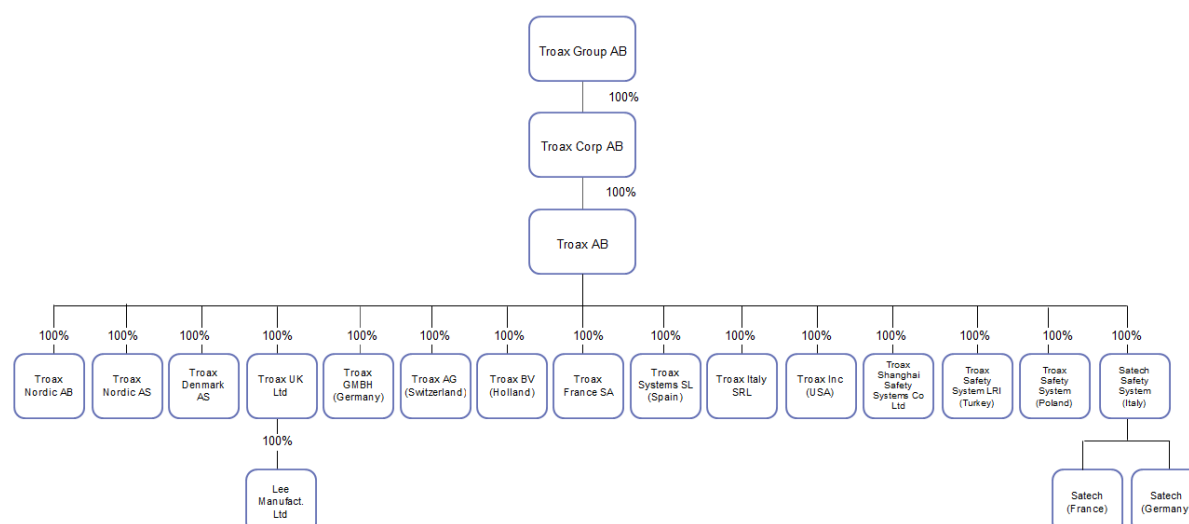
6 Legal considerations and supplementary information

Legal group structure

Troax Corp AB (publ), registration number 556916-4048, is the issuer of the Bonds and the Company's business is conducted in accordance with the Swedish Companies Act (SFS 2005:551). The Company is a Swedish public limited liability company which was registered with the Swedish Companies Registration Office on 20 December 2012. The Company's registered office is situated in Jönköpings län, Gnosjö kommun, Sweden.

The parent company of the Group is Troax Group AB (publ), registration number 556916-4030, a Swedish public limited liability company listed on Nasdaq Stockholm Mid Cap that was registered with the Swedish Companies Registration Office on 20 December 2012. The Company's registered office is situated in Jönköpings län, Gnosjö kommun, Sweden.

Troax is currently the parent company of the Group which consists of 20 wholly-owned subsidiaries.



Material agreements of the Group etc.

General information regarding customer and supplier agreements

Troax's customer and supplier agreements relates to Troax's ordinary course of business. The Group operates in different business areas in different geographical locations and has a large number of customers. The Group generally has strong, and often long-term, relationships with its suppliers. Troax does not consider the Group to be dependent on any particular customer agreement (no single customer accounts for more than 5 percent of consolidated revenue), although income from an individual customer can be significant. Customer and supplier agreements are generally entered on terms that are standard for the industry including a product guarantee valid for five years and reference is often made to general standard terms applicable to sales to customers.

Troax's customer and supplier agreements relate to the Company's ordinary course of business and mainly include contracts related to customer orders and procurement of input goods. The Group conducts activity in different business areas in several geographic regions. The Company has a large number of customers and is not deemed to be dependent on any single customer agreement. In 2014, no single customer accounted for more than five (5) percent of Group revenues. The Group in general has strong and often long-term relationships with its suppliers where Troax inputs consist mainly of standardized products used in a wide range of industries and markets. Troax does not believe that the Group is dependent on any specific supplier agreements, considering

that there are several alternative suppliers of important inputs. Customer and supplier agreements are normally negotiated on standard terms and conditions as applicable in each geographic region. Products are normally subject to a product warranty which is applicable for five years, even if local deviations may occur.

Acquisition of Satech Safety Technology S.p.A.

On 17 June 2014, Troax completed the acquisition of Satech Safety Technology S.p.A. (registration number 00765000146), a private limited liability company (It. *società per azioni*) duly incorporated under the laws of Italy. Satech Safety Technology S.p.A. was first registered on 4 April 2000 and has its headquarters and a production facility in Calco, Italy. Through the acquisition, the Company acquired a market leader in Italy within modular protection systems for industrial machinery, adding a product offering consisting of machine guarding and portioning walls as well as fall prevention products and other accessories.

Merger of Group subsidiary

On 8 August 2013 the Group completed the merger of a former subsidiary of the Group in accordance with the rules in Chapter 23 of the Swedish Companies Act (SFS 2005:551). By way of the merger the former subsidiary, Troax Group AB (registration number 556823-2531), was absorbed into the Company which at the time of the merger was a newly formed company, Foil AcqCo AB (corporate 556916-4048). The outcome of the merger was that all assets, liabilities and obligations of the former subsidiary were transferred to the newly formed company. Following the merger, Foil AcqCo AB decided to change the company name to Troax Group AB and has subsequently changed name to Troax Corp AB. The merger was a step in achieving a certain ownership structure in connection with an earlier change of ownership.

Amendment of Terms and Conditions of the Bond

On 30 January 2015, the Terms & Conditions of the Bond Loan were amended, *e.g.* to the effect that Troax Corp may merge with Troax Group and that Troax Corp may pursue value transfers to Troax, which allows for dividends to shareholders provided that, *inter alia*, the Company has made a MEUR 10 amortization under the Bond Loan to the Holders.

Voluntary Partial Repayment

On 18 May 2015, the Issuer gave notice to the Holders regarding a Voluntary Partial Repayment of an amount equal to EUR 14,300 (round off to a multiple of EURO 100) of principal debt outstanding on each Bond at a price equal to 103.75 per cent, together with accrued but unpaid interest on the repaid Nominal Amount until and including the date of payment. The repayment will be made on 22 June 2015, 20 Business Days after the Holders are deemed to have received the notice, to such Person who is registered as a Holder on the Record Date prior to the Redemption Date, or to such other Person who is registered with Euroclear Sweden on such date as being entitled to receive the relevant payment.

Permitted Merger

Following a Written Procedure concluded on 30 January 2015, the Holders resolved, with effect as of the same date, to amend the Terms and Conditions *e.g.* with respect to a Permitted Merger which means a merger between Troax Group and the Issuer, where Troax Group is the surviving entity. The Permitted Merger is expected to be commenced and completed during 2015 and once the Permitted Merger is completed, Troax Group will have assumed all the rights and liabilities of the Issuer.

Intellectual property

The Group's ambition is to register and actively work to protect their brands and names in the jurisdictions where group companies currently conducts business. The Group's intellectual property rights are handled centrally. The Group's primary intellectual property rights are trademarks, the most important of which is "Troax" and is protected in the majority of the jurisdictions in which the Company operates. In addition the trademark "Satech" is important in the Italian market. The Company also holds certain patents and community design registrations which are mainly related to the mounting system for panels (Rapid Fix), brackets and fasteners. Troax does not consider any of the patents to be material for the Company's business.

Disputes

The Company is not, and has not been, party to any legal or arbitration proceedings during the last 12 months which may have, or have had, significant effects on the Company's or the Group's financial condition or profitability. However, Troax is subject to a potential environmental issue that is further described in this Prospectus. See "*Risk factors - Troax is exposed to environmental risks and could be liable for historical operations on the main production property in Hillerstorp.*"

Insurance

The Group has insurance against covering (i) general and products liability; (ii) property and business interruption; (iii) contractor all risk policy; (iv) fidelity guarantee insurance; (v) directors' and officers' liability; (vi) marine cargo; and (vi) business travel.

The Company considers its insurances to be in line with those of other companies in the same business and that they are sufficient for the risks normally associated to the Company's business. However, there is a risk that the Company may suffer losses not covered by insurances following a potential insurance claim matter.

Documents available for inspection

Troax's and the Company's (i) articles of association, and (ii) annual reports for the financial years 2013-2014, including auditors' reports, are available for inspection during office hours at the Company's head office at Tyngel, 330 33 Hillerstorp, Sweden. These documents are also available in electronic form on Troax's website, www.troax.com.

Significant changes since 31 December 2014

Following a Written Procedure concluded on 30 January 2015, the Holders resolved, with effect as of the same date, to amend the Terms and Conditions of the Bond Loan.

In summary, the approved amendments are the following:

- In the event that the shares of the Troax Group is listed, a merger between Troax Group and Issuer is permitted, provided that certain conditions precedent are met, in order to avoid having two companies within the same group imposed with similar reporting obligations. Troax Group's shares were listed on Nasdaq Stockholm on 27 March 2015.
- Provided that (i) either the shares of the Issuer or Troax Group is listed, (ii) a permitted partial repayment is made by the Issuer of EUR ~10 million (equal to EUR 14,300 per outstanding Bond) at a price equal to 103.75 per cent of the repaid nominal amount and (iii) the permitted distribution has not been made, distributions to shareholders are permitted provided that certain distribution tests are met.
- Following a listing (which took place on 27 March 2015), the net interest bearing debt to EBITDA for debt incurrence is lowered from 3.5x EBITDA to 3.0x EBITDA and the Issuer's right to voluntary partial repayment ceases.
- The equity claw back is increased from 103 per cent to 103.75 per cent of nominal amount.
- The Issuer is prohibited to cancel any repurchased Bonds.

No other significant changes in the financial or trading position of the Company have occurred after 31 December 2014.

Operational outlook

No significant changes regarding the Company's future outlook with respect to its financial position or operational status have occurred since the 31 December 2014.

7 Documents incorporated by reference

The Prospectus consists of, in addition to this document, the following documents which are incorporated by reference.

- Troax Corp's annual report for 2013
 - Income statement and balance sheet Pages 4-6
 - Notes Pages 7-14
 - Auditor report Page 15
- Troax Corp's annual report for 2014
 - Income statement and balance sheet Pages 4-6
 - Notes Pages 8-19
 - Auditor report Page 20
- The prospectus dated 16 March 2014 prepared in connection with the initial public offering of shares in Troax Group Pages F1-F51

The historical financial information for 2014 and 2013 has been audited and is prepared in accordance with the Annual Accounts Act (Sw. *SFS (1995:1554)*) and general recommendations issued by Swedish Accounting Standards Board (Sw. *Bokföringsnämndens allmänna råd*). As of 1 January 2015, Troax Corp prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS).

Investors should read all information which is incorporated by reference as part of this Prospectus. It should be noted that the non-incorporated parts of the annual reports for 2013 and 2014 are either not relevant for the investor or covered elsewhere in the Prospectus.

All of the above documents will, during the validity period of the Prospectus, be available in electronic form at the Group's website, www.troax.com.

8 Terms and Conditions

**TERMS AND CONDITIONS FOR
TROAX GROUP AB (PUBL)
MAXIMUM EUR 100,000,000
SENIOR SECURED CALLABLE FLOATING RATE BONDS
2014/2020**

ISIN: SE0005799194

Issue Date: 12 June 2014

The distribution of this document and the private placement of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.

AMENDMENTS TO THE TERMS AND CONDITIONS

In a Written Procedure concluded on 30 January 2015, the Holders resolved, with effect as of the same date, to amend these Terms and Conditions with respect to Clause 1.1 by including the new definitions: i) "Distribution Test"; ii) "Permitted Distribution"; iii) "Permitted Merger"; and iv) "Permitted Partial Repayment". The Holders also resolved to amend the definitions: a) "Compliance Certificate, b) "Permitted Debt" and c) "Transaction Costs". Furthermore, the Holders resolved to include the new Clause 1.2.5 and amend Clauses: 11.2, 11.4, 11.5, 11.6.4, 12.1, 12.2, 12.10.1 (c) and 17.1 (g).

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**TERMS AND CONDITIONS FOR
TROAX GROUP AB (PUBL)
MAXIMUM EUR 100,000,000
SENIOR SECURED CALLABLE FLOATING RATE BONDS
2014/2020
ISIN: SE0005799194**

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

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

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

“Accounting Principles” means (i) until the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable), the generally accepted local accounting principles, standards and practices in Sweden and (ii) once the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable), IFRS.

“Acquisition” means the acquisition of Satech by the Pledged Group Company.

“Acquisition Failure” means (i) that the Issuer has notified the Agent that the Acquisition will not be completed or (ii) that the Acquisition has not been completed, as described in Clause 16.1(a), on or before the date falling 14 Business Days after the Issue Date.

“Adjusted Nominal Amount” means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate of a Group Company, 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 is due not more than 90 calendar days after the date of supply, or (b) any other trade credit incurred in the ordinary course of business.

“Affiliate” means any other 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.

“Agent” means the Holders’ agent and security agent under these Terms and Conditions and, if relevant, the other Finance Documents, from time to time; initially Nordic Trustee & Agency AB (publ) (reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden).

“Agent Agreement” means the fee agreement entered into on or about the Issue Date between the Issuer and the Agent, or any replacement agent agreement entered into after the Issue Date between the Issuer and an Agent.

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

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

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

“Call Option Amount” means:

- (a) 103.00 per cent. of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but excluding) the date falling 42 months after the Issue Date;
- (b) 102.50 per cent. of the Nominal Amount if the call option is exercised on or after the date falling 42 months after the Issue Date up to (but excluding) the date falling 48 months after the Issue Date;
- (c) 102.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling 48 months after the Issue Date up to (but excluding) the date falling 54 months after the Issue Date;
- (d) 101.50 per cent. of the Nominal Amount if the call option is exercised on or after the date falling 54 months after the Issue Date up to (but excluding) the date falling 60 months after the Issue Date; or
- (e) 101.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling 60 months after the Issue Date up to (but excluding) the Final Redemption Date.

“Cash and Cash Equivalents” means cash and cash equivalents in accordance with the Accounting Principles.

“Change of Control Event” means the occurrence of an event or series of events whereby one or more Persons, not being a shareholder of the Issuer as at the Issue Date (or an Affiliate of such shareholder), acting together, acquire control over the Issuer and where “control” means (a) acquiring or controlling, directly or indirectly, more than 50.00 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.

“Compliance Certificate” means a certificate, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying (i) 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 and (ii) if provided in connection with an application of the Incurrence Test or a Distribution Test, that the Incurrence Test or the relevant Distribution Test is met and including calculations and figures in respect of the ratio of the Interest Coverage Ratio and/or Net Interest Bearing Debt to EBITDA (as applicable).

“Conditions Precedent for the First Disbursement” means the conditions set forth in Clause 13.1.

“Conditions Precedent for the Second Disbursement” means the conditions set forth in Clause 15.1.

“Conditions Subsequent for the First Disbursement” means the conditions set forth in Clause 14.1.

“Conditions Subsequent for the Second Disbursement” means the conditions set forth in Clause 16.1.

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

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

“Distribution Test” means the ratio of Net Interest Bearing Debt to EBITDA calculated in accordance with the Incurrence Test Calculation Principles, as applicable.

“EBITDA” means, in respect of the Relevant 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 Group Company;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any extraordinary or exceptional items (as applicable) which are not in line with the ordinary course of business;
- (d) before taking into account any Transaction Costs;
- (e) not including any accrued interest owing to any Group Company;
- (f) 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);

- (g) 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;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;
- (i) after adding back or deducting, as the case may be, the Group's share of the profits or losses of entities which are not part of the Group; and
- (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of Group Companies.

"Equity Listing Event" means an initial public offering of shares in a Group Company, the Parent or any other direct or indirect parent company of the Issuer from time to time, resulting in that such shares are quoted, listed, traded or otherwise admitted to trading on a Regulated Market.

"Escrow Account" means a bank account of the Issuer held with the account bank, into which the Net Proceeds shall be transferred and which has been pledged in favour of the Agent and the Holders (represented by the Agent) under the Escrow Account Pledge Agreement.

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

"EUR" means the currency used by the institutions of the European Union and being the official currency of the Eurozone.

"EURIBOR" means:

- (a) the applicable percentage rate per annum displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in EUR and for a period comparable to the relevant Interest Period; or
- (b) if no screen rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Issuing Agent at its request quoted by Nordea Bank AB (publ), Svenska Handelsbanken AB (publ) and Skandinaviska Enskilda Banken AB (publ) (or such other banks as may be appointed by the Issuing Agent in consultation with the Issuer), for deposits of EUR 10,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to item (b) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in EUR offered for the relevant period; and

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

“**Event of Default**” means an event or circumstance specified in Clause 17.1.

“**Existing Debt**” means the Senior Debt, the Vendor Note and the Second Vendor Note.

“**Final Redemption Date**” means 12 June 2020.

“**Finance Charges**” means, for the Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any Group Company according to the latest Financial Report(s) (calculated on a consolidated basis) without taking into account any Transaction Costs or any unrealised gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis.

“**Finance Documents**” means these Terms and Conditions, the Security Documents, any Intercreditor Agreement, the Intra-group Loan Agreement(s), the Agent Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

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

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the Accounting Principles applicable on the Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability) and for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles applicable on the Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as finance or capital leases (the “**Operational Lease Freeze**”);
- (c) receivables sold or discounted (other than 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);
- (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 items (a)–(f).

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

“Financial Report” means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated reports of the Group or the quarterly interim unaudited unconsolidated reports of the Issuer, which shall be prepared and made available according to Clauses 12.10.1(a) and 12.10.1(b).

“First Call Date” means the date falling 36 months after the Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

“Force Majeure Event” has the meaning set forth in Clause 28.1.

“Funds Flow Statement” means the description of flow of the funds disbursed from the Escrow Account for the purpose of repaying the Existing Debt in full.

“German Government Bond Rate” means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Ge. Bund or Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least 2 Business Days (but not more than 5 Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the relevant redemption date to (but excluding) the First Call Date, provided, however that if the period from the relevant redemption date to (but excluding) the First Call Date is not equal to the constant maturity of the direct obligations of the Federal Republic of Germany for which a weekly average yield is given, the German Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to (but excluding) the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

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

“Holder” 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.

“Holders’ Meeting” means a meeting among the Holders held in accordance with Clause 20 (*Holders’ Meeting*).

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

“Incurrence Test” is met if calculated in accordance with the Incurrence Test Calculation Principles and:

- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than 3.50; and
- (b) the Interest Coverage Ratio exceeds 3.00.

“Incurrence Test Calculation Principles” means:

- (a) that (i) the calculation of the ratio of Net Interest Bearing Debt to EBITDA shall be made as per a testing date determined by the Issuer, falling no more than one month prior to the payment of the relevant Restricted Payment or the incurrence of the new Financial Indebtedness which requires the Issuer to meet the Incurrence Test (as applicable), (ii) the Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the Restricted Payment or the new Financial Indebtedness (as applicable), provided such Financial Indebtedness is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce the Net Interest Bearing Debt) and (iii) EBITDA shall be calculated as set out in item (b) and (c) below;
- (b) that the calculation of the Interest Coverage Ratio shall be made for the Relevant Period ending on the last day of the period covered by the most recent Financial Report; and
- (c) that the figures for EBITDA, Finance Charges and Net Finance Charges for the Relevant Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Incurrence Test, but adjusted so that (i) entities acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Relevant Period, (ii) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, *pro forma*, for the entire Relevant Period and (iii) the *pro forma* calculation of EBITDA takes into account the net cost savings and other reasonable synergies, as the case may be, realisable for the Group within twelve months from the acquisition as a result of acquisitions and/or disposals of entities referred to in (i) and (ii) above, provided that such net cost savings and other reasonable synergies, as the case may be, have been confirmed by a reputable accounting firm and the Issuer has provided evidence thereof to the Agent.

“Initial Bond” means any Bond issued on the Issue Date.

“Initial Bond Issue” has the meaning set forth in Clause 2.1.

“Initial Distribution” means a Restricted Payment made in connection with the Initial Bond Issue and which not exceeds EUR 10,000,000

“Initial Nominal Amount” has the meaning set forth in Clause 2.1.

“Intercreditor Agreement” means an intercreditor agreement satisfactory to the Agent to be entered into by the Agent (on behalf of itself and the Holders) as senior creditor, any

subordinated creditor and any relevant Group Company as borrower, a form of which shall be agreed by the Agent and the Issuer prior to the Issue Date.

“Interest” means the interest on the Bonds calculated in accordance with Clause 10.1–10.3.

“Interest Coverage Ratio” means the ratio of EBITDA to Net Finance Charges.

“Interest Payment Date” means 12 March, 12 June, 12 September and 12 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 12 September 2014 and the last Interest Payment Date being the Final Redemption Date).

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

“Interest Rate” means a floating rate of EURIBOR (3 months) + 5.50 per cent. per annum.

“Intra-group Loan Agreement” means the loan agreement entered into by the Issuer as creditor and the Pledged Group Company as borrower on or about the Issue Date under which the Pledged Group Company borrows the EUR 20,000,000 constituting the Second Disbursement, and any loan agreement entered into by the Issuer as creditor and a Subsidiary as borrower in respect of proceeds from a Subsequent Bond Issue.

“Intra-group Loan Pledge Agreement” means the pledge agreement entered into by the Issuer and the Agent (on behalf of itself and the Holders) on or about the Issue Date in respect of first priority pledge of all the Issuer’s present and future money claims under the Intra-group Loan Agreement(s), granted in favour of the Agent and the Holders (represented by the Agent).

“Issue Date” means 12 June 2014.

“Issuer” means Troax Group AB (publ) (reg. no. 556916-4048, P.O. Box 89, SE-330 33 Hillerstorp, Sweden).

“Issuing Agent” means Pareto Securities AB (reg. no. 556206-8956, P.O. Box 7415, SE-103 91 Stockholm, Sweden) or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“Make Whole Amount” means an amount equal to the sum of:

- (a) the present value on the relevant Record Date of 103.00 per cent. of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and
- (b) the present value on the relevant Record Date of the remaining Interest payments (excluding accrued but unpaid Interest up to the relevant Redemption Date) up to

and including the First Call Date (assuming that the Interest Rate for the period from the relevant Redemption 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 Holders);

both calculated by using a discount rate of 50 basis points over the comparable German Government Bond Rate (*i.e.* comparable to the remaining duration of the Bonds until the First Call Date).

“Market Loan” means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term 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 OMX Stockholm or any other Regulated Market 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 Issuer’s ability or willingness to perform and comply with its payment and other undertakings under the Finance Documents or (c) the validity or enforceability of the Finance Documents.

“Material Group Company” means the Issuer or a Subsidiary representing more than 5.00 per cent. of either (i) the total assets of the Group on a consolidated basis (for the avoidance of doubt, excluding any intra-group transactions) or (ii) the EBITDA of the Group on a consolidated basis according to the latest Financial Report.

“NASDAQ OMX Stockholm” means NASDAQ OMX Stockholm AB (reg. no. 556420-8394, SE-105 78 Stockholm, Sweden).

“Net Cash Position” means an amount equal to the Cash and Cash Equivalents of the Group, less any amount drawn under the Permitted Credit Facility, on a consolidated basis in accordance with the Accounting Principles, calculated as per a testing date determined by the Issuer, falling no more than one month prior to the payment of the relevant Restricted Payment.

“Net Finance Charges” means, for the Relevant Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Relevant Period to any Group Company and any interest income relating to Cash and Cash Equivalents investments of the Group (and excluding any payment-in-kind interest capitalised on Shareholder Loans).

“Net Interest Bearing Debt” means the aggregate interest bearing debt (excluding any Shareholder Loans and interest bearing debt borrowed from any Group Company) less Cash and Cash Equivalents of the Group according to the latest Financial Report or per the relevant testing date if measured in relation to the Incurrence Test, in accordance with the Accounting Principles but adjusted in accordance with the Operational Lease Freeze.

“Net Proceeds” means the proceeds from the Initial Bond Issue which, after deduction has been made for the transaction costs payable by the Issuer to the Issuing Agent for the

services provided in relation to the placement and issuance of the Bonds, shall be transferred to the Escrow Account and used in accordance with Clause 4 (*Use of proceeds*).

“**Nominal Amount**” has the meaning set forth in Clause 2.1.

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

“**Parent**” means Troax Holding AB, reg. no. 556916-4030, P.O. Box 89, SE-330 33 Hillerstorp, Sweden.

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

“**Permitted Credit Facility**” means a credit facility for working capital and/or capital expenditure purposes provided to the Group in a maximum amount of EUR 3,000,000, which shall be undrawn at the Issue Date.

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

- (a) incurred under these Terms and Conditions (including any Subsequent Bonds, if such incurrence meets the Incurrence Test tested *pro forma* including such incurrence);
- (b) related to any agreements under which a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises provided that such Financial Indebtedness is incurred in the ordinary course of such Group Company’s business;
- (c) taken up from a Group Company;
- (d) arising under a derivative transaction entered into by a Group Company in connection with protection against or benefit from fluctuation in any rate or price where such exposure arises in the ordinary course of business or in respect of payments to be made under these Terms and Conditions (excluding for the avoidance of doubt any derivative transaction which in itself is entered into for investment or speculative purposes) (“**Derivative Transaction**”);
- (e) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holds Financial Indebtedness, provided that the Incurrence Test is met, tested *pro forma* including the acquired entity in question, however should the Incurrence Test not be met, a clean-up period of 60 calendar days is permitted to unwind such Financial Indebtedness;
- (f) incurred under a Shareholder Loan;
- (g) incurred in the ordinary course of business under Advance Purchase Agreements;
- (h) incurred by the Issuer if such Financial Indebtedness (i) prior to an Equity Listing Event, meets the Incurrence Test and, after an Equity Listing Event the Incurrence Test is met, however, the Net Interest Bearing Debt to EBITDA should not be greater than 3.00, in each case tested *pro forma* including such incurrence, (ii) is

unsecured and/or subordinated to the obligations of the Issuer under these Terms and Conditions and under the Agent Agreement; and (iii) has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date;

- (i) of the Group under any pension and tax liabilities incurred in the ordinary course of business;
- (j) incurred under the Permitted Credit Facility; and
- (k) not permitted by item (a)–(j) above, in an aggregate amount not at any time exceeding EUR 3,000,000 and incurred in the ordinary course of the Group's business (all such Financial Indebtedness is together referred to as the “Permitted Basket”).

“Permitted Distribution” has the meaning set out in Clause 12.1 (a).

“Permitted Merger” means a merger between the Parent and the Issuer, where the Parent is the surviving entity, provided that:

- (a) an Equity Listing Event has occurred where the shares in the Parent are listed;
- (b) prior to completion of the merger, the Issuer has made the Permitted Partial Repayment;
- (c) the Parent has no Financial Indebtedness (other than Permitted Debt) outstanding at the time of the completion of the merger;
- (d) the amount of the restricted equity (Sw. *bundet eget kapital*) of the Parent is not less than the restricted equity of the Issuer;
- (e) the special undertaking set out in Clause 12.2 (*Listing of Bonds*) is (or will be) complied with;
- (f) the Permitted Distribution has not been and will not be made; and
- (g) the Parent confirms to the Agent that it will, as a consequence of the merger, assume the obligations as pledgor under the Security Documents and take all steps which the Agent may reasonably deem necessary for the purpose of obtaining the full benefit of the Security Documents and the other Finance Documents.

“Permitted Partial Repayment” has the meaning set out in Clause 11.4 (b).

“Permitted Security” means any guarantee or security:

- (a) provided in accordance with the Finance Documents;
- (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 in relation to any agreement under which a Group Company leases office space (*Sw. kontorshyresavtal*) or other premises provided such lease constitutes Permitted Debt;
- (d) provided in relation to Derivative Transactions or pension liabilities in accordance with item (i) of the definition Permitted Debt above, but not consisting of security interest in shares of any Group Company;
- (e) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity has provided security, provided that the debt secured with such security constitutes Permitted Debt in accordance with item (e) of the definition Permitted Debt above; and
- (f) provided in relation to the Permitted Credit Facility or the Permitted Basket and not consisting of security interest in shares of any Group Company or, if provided in relation to financial leasing arrangements, is granted only in the leased asset in question.

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

“**Pledged Group Company**” means Troax AB (reg. no. 556093-5719, P.O. Box 89, SE-330 33 Hillerstorp, Sweden).

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

“**Record Date**” means the fifth (5th) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Holders is to be made under Clause 18 (*Distribution of proceeds*), (iv) the date of a Holders’ Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Date**” means the date on which the relevant Bonds are to be redeemed, repaid or repurchased in accordance with Clause 11 (*Redemption, repayment and repurchase of the Bonds*).

“**Regulated Market**” means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

“**Relevant Period**” means each period of 12 consecutive calendar months.

“**Restricted Payment**” has the meaning set forth in Clause 12.1.

“**Satech**” means Satech Safety Technology S.p.A., reg. no. 00765000146, Via Rugabella 1, 20123 Milan, Italy.

“**Second Disbursement**” has the meaning set forth in Clause 15.1.

“Second Vendor Note” means the EUR 2,000,000 loan agreement which is subject to payment-in-kind interest and entered into by certain lenders, including Accentseven Holding Limited, and the Issuer as borrower on 31 January 2013.

“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 Documents” means the Share Pledge Agreement, the Intra-group Loan Pledge Agreement and the Escrow Account Pledge Agreement as well as any other documents requested by the Agent in relation to the perfection of the security purported to be created under such agreements.

“Senior Debt” means the EUR 50,000,000 term loan and revolving facilities agreement entered into by Swedbank AB (publ) as lender and the Issuer as borrower on 29 January 2013.

“Senior Debt Security” means all security and guarantees provided in relation to the Senior Debt.

“Share Pledge Agreement” means the pledge agreement entered into by the Issuer and the Agent (on behalf of itself and the Holders) on or about the Issue Date in respect of a first priority pledge over all of the shares in the Pledged Group Company, granted in favour of the Agent and the Holders (represented by the Agent).

“Shareholder Loans” means any loan raised by any Group Company from its current or previous shareholders (excluding other Group Companies), if such shareholder loan (a) according to its terms and pursuant to an Intercreditor Agreement, is subordinated to the obligations of the Issuer under the Finance Documents, (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date and (c) according to its terms yield only payment-in-kind interest.

“Subsequent Bond Issue” means any issue of Subsequent Bonds.

“Subsequent Bond” means any Bond issued after the Issue Date on one or more occasions.

“Subsidiary” means, in relation to the Issuer, any legal entity (whether incorporated or not), in respect of which the Issuer, directly or indirectly, (a) owns shares or ownership rights representing more than 50.00 per cent. of the total number of votes held by the owners, (b) otherwise controls more than 50.00 per cent. of the total number of votes held by the owners, (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body or (d) exercises control as determined in accordance with the Accounting Principles.

“Transaction Costs” means all fees, costs and expenses incurred by a Group Company in connection with (a) the Initial Bond Issue or a Subsequent Bond Issue, (b) the repayment of the Existing Debt, (c) the listing of Bonds, (d) the 2013 acquisition of the Group by the

Issuer, (e) the Acquisition, (f) any other future acquisition of entities, (g) an Equity Listing Event where the shares in the Parent or the Issuer are listed, and (h) the Permitted Merger (provided such fees, costs and expenses as regards (f), (g) and (h) above are deemed, by the Agent (acting reasonably), to be reasonable).

“Vendor Note” means the EUR 10,000,000 subordinated loan agreement entered into by Accentseven Holding Limited as lender and the Issuer as borrower on 31 January 2013.

“Written Procedure” means the written or electronic procedure for decision making among the Holders in accordance with Clause 21 (*Written Procedure*).

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) “assets” includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a “regulation” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- (d) an Event of Default is continuing if it has not been remedied or waived;
- (e) a provision of law is a reference to that provision as amended or re-enacted; and
- (f) a time of day is a reference to Stockholm time.

1.2.2 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 Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.

1.2.3 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.

1.2.4 No delay or omission of the Agent or of any Holder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

1.2.5 All references to the Issuer shall be construed to mean Troax Group AB prior to the Permitted Merger and Troax Holding AB after the Permitted Merger has been completed.

2. THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS

2.1 The aggregate amount of the bond loan will be an amount of up to EUR 100,000,000 which will be represented by Bonds, each of an initial nominal amount of EUR 100,000 or full multiples thereof (the “Initial Nominal Amount”). The nominal amount of each Bond will be the Initial Nominal Amount, less the aggregate amount by which each Bond has been

partly repaid in accordance with Clauses 11.4 (*Voluntary Partial Repayment*), 11.5 (*Equity Claw Back*) or 11.7 (*Mandatory Partial Repayment upon an Acquisition Failure*) (the “**Nominal Amount**”). The maximum total nominal amount of the Initial Bonds is EUR 70,000,000 (“**Initial Bond Issue**”). All Initial Bonds are issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount. The ISIN for the Bonds is SE0005799194. The minimum permissible investment in connection with the Initial Bond Issue is EUR 100,000.

- 2.2 Provided that the Incurrence Test is met (calculated *pro forma* including such issue), the Issuer may, on one or more occasions, issue Subsequent Bonds amounting to in total maximum EUR 30,000,000. Subsequent Bonds shall benefit from and be subject to these Terms and Conditions and the other Finance Documents and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount, the Final Redemption Date shall apply also to Subsequent Bonds, which also otherwise shall have the same rights as the Initial Bonds. The price of Subsequent Bonds may be set at a discount or at a higher price than the Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed EUR 100,000,000.
- 2.3 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 2.4 The Bonds are denominated in EUR and each Bond is constituted by these Terms and Conditions.
- 2.5 By subscribing for Bonds, each initial Holder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds each subsequent Holder confirms such agreements.

3. STATUS OF THE BONDS

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them. The Bonds are secured by the security provided pursuant to the Security Documents.

4. USE OF PROCEEDS

- 4.1 The Net Proceeds shall be transferred to the Escrow Account by the Issuing Agent. For the purpose of securing that the Conditions Precedent for the First Disbursement and the Conditions Precedent for the Second Disbursement, respectively, have been fulfilled before the relevant disbursement of the Net Proceeds is made and for the purpose of securing that the Net Proceeds will be used by the Issuer in accordance with Clause 4.2, the Escrow Account has been pledged in favour of the Agent and the Holders (represented by the Agent). The pledge over the Escrow Account shall be released when the Conditions Subsequent for the First Disbursement and the Conditions Subsequent for the Second Disbursement have been fulfilled.
- 4.2 Upon fulfilment of the Conditions Precedent for the First Disbursement and the Conditions Precedent for the Second Disbursement, respectively, the Net Proceeds shall be used towards

(i) the repayment in full of the Existing Debt in accordance with the Funds Flow Statement, (ii) the provision of the loan under the Intra-group Loan Agreement to, and for the purpose of enabling, the Pledged Group Company to pay the cash component of the consideration for Satech in the Acquisition and (iii) general corporate purposes, including distributions to the Issuer's shareholders and acquisitions. The proceeds from any Subsequent Bond Issue shall be used for general corporate purposes, including distributions to the Issuer's shareholders and acquisitions, and any such proceeds which shall be used by a Subsidiary shall be on lent by way of entering into Intra-group Loan Agreements which in turn shall be pledged to the Agent and the Holders (represented by the Agent) under the Intra-group Loan Pledge Agreement. Any distribution to the Issuer's shareholders may only be made in accordance with Clause 12.1.

5. SECURITY

- 5.1 As continuing security for the due and punctual fulfilment of the Issuer's obligations under the Finance Documents, the Issuer has pledged to the Agent and the Holders (as represented by the Agent) all shares in the Pledged Group Company in accordance with the Share Pledge Agreement, all its present and future money claims under the Intra-group Loan Agreement in accordance with the Intra-group Loan Pledge Agreement and the Escrow Account and all funds standing to the credit of the Escrow Account from time to time in accordance with the Escrow Account Pledge Agreement.
- 5.2 The Issuer shall ensure that the Security Documents and all documents relating thereto are duly executed (in favour of the Agent and the Holders (as represented by the Agent), if applicable) and that such documents are legally valid, perfected, enforceable and in full force and effect according to their terms. The Issuer shall execute and/or procure the execution of such further documentation as the Agent may reasonably require in order for the Holders and the Agent to at all times maintain the security position envisaged hereunder.
- 5.3 The Agent will hold the security created under the Security Documents on behalf of itself and the Holders in accordance with these Terms and Conditions and the Security Documents.
- 5.4 Except if otherwise decided by the Holders according to the procedures set out in Clauses 19 (*Decisions by Holders*) to 21 (*Written Procedure*), the Agent is, without first having to obtain the Holders' consent, entitled to enter into binding agreements with the Group Companies or third parties if it is, in the Agent's sole discretion, necessary for the purpose of establishing, maintaining, altering, releasing or enforcing the security created (or to be created) under the Security Documents or for the purpose of settling the various Holders' relative rights to the security created under the Security Documents, respectively. The Agent is entitled to take all measures available to it according to the Security Documents.
- 5.5 If the Bonds are declared due and payable according to Clause 17 (*Termination of the Bonds*) or following the Final Redemption Date, the Agent is, without first having to obtain the Holders' consent, entitled to enforce the security created under the Security Documents, in such manner and under such conditions that the Agent finds acceptable (if in accordance with the Security Documents, respectively).

- 5.6 If a Holders' meeting has been convened to decide on the termination of the Bonds and/or the enforcement of all or any of the security created under all or any of the Security Documents, the Agent is obligated to take actions in accordance with the Holders' decision regarding the security created under the Security Documents. However, if the Bonds are not terminated due to that the cause for termination has ceased or due to any other circumstance mentioned in these Terms and Conditions, the Agent shall not enforce any of the security created under the Security Documents. If the Holders, without any prior initiative from the Agent or the Issuer, have made a decision regarding termination of the Bonds and enforcement of any of the security created under the Security Documents in accordance with the procedures set out in Clauses 19 (*Decisions by Holders*) to 21 (*Written Procedure*), the Agent shall promptly declare the Bonds terminated and enforce the security created under the Security Documents. The Agent is however not liable to take action if the Agent considers cause for termination and/or acceleration not to be at hand, unless the instructing Holders in writing commit to holding the Agent indemnified and, at the Agent's own discretion, grant sufficient security for the obligation.
- 5.7 Funds that the Agent receives (directly or indirectly) on behalf of the Holders in connection with the enforcement of any or all of the security created under the Security Documents constitute escrow funds (*Sw. redovisningsmedel*) according to the Escrow Funds Act (*Sw. lag (1944:181) om redovisningsmedel*) and must be held on a separate account on behalf of the Holders. The Agent shall promptly arrange for payments of such funds in accordance with Clause 18 (*Distribution of proceeds*) as soon as reasonably practicable. If the Agent deems it appropriate, it may, in accordance with Clause 5.8, instruct the CSD to arrange for payment to the Holders.
- 5.8 For the purpose of exercising the rights of the Holders and the Agent under these Terms and Conditions and for the purpose of distributing any funds originating from the enforcement of any security created under the Security Documents, the Issuer irrevocably authorises and empowers the Agent to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Holders in accordance with Clause 5.7. To the extent permissible by law, the powers set out in this Clause 5.8 are irrevocable and shall be valid for as long as any Bonds remain outstanding. The Issuer shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), which the Agent deems necessary for the purpose of carrying out its duties under Clause 5.7. Especially, the Issuer shall, upon the Agent's request, provide the Agent with a written power of attorney empowering the Agent to change the bank account registered with the CSD to a bank account in the name of the Agent and to instruct the CSD to pay out funds originating from an enforcement in accordance with Clause 5.7 to the Holders through the CSD.
- 6. THE BONDS AND TRANSFERABILITY**
- 6.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.

- 6.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.
- 6.3 Upon a transfer of Bonds, any rights and obligations under the Finance Documents relating to such Bonds are automatically transferred to the transferee.
- 6.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, e.g., its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.
- 6.5 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.
- 7. BONDS IN BOOK-ENTRY FORM**
- 7.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- 7.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 7.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 7.4 For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Agent does not otherwise obtain information from such debt register as contemplated under the Finance Documents, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 7.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.

- 7.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Agent.

8. RIGHT TO ACT ON BEHALF OF A HOLDER

- 8.1 If any Person other than a Holder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- 8.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Holder and may further delegate its right to represent the Holder by way of a further power of attorney.
- 8.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 8.1 and 8.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

9. PAYMENTS IN RESPECT OF THE BONDS

- 9.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 9.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 10.4 during such postponement.
- 9.4 If payment or repayment is made in accordance with this Clause 9 (*Payments in respect of the Bonds*), 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.

- 9.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Initial Bond Issue or a Subsequent Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or similar.
- 10. INTEREST**
- 10.1 The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.
- 10.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.
- 10.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- 10.4 If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from, but excluding, the due date up to and including the date of actual payment at a rate which is 200 basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.
- 11. REDEMPTION, REPAYMENT AND REPURCHASE OF THE BONDS**
- 11.1 Redemption at maturity**
- The Issuer shall redeem all, but not only some, of the Bonds in full on the Final Redemption Date (or, to the extent such day is not a Business Day, on the Business Day following from an application of the Business Day Convention) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.
- 11.2 The Group Companies' purchase of Bonds**
- Any Group Company may, subject to applicable law, at any time and at any price purchase Bonds. Bonds held by a Group Company may at such Group Company's discretion be retained or sold but not cancelled.
- 11.3 Early voluntary redemption by the Issuer (call option)**
- 11.3.1 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day prior to the First Call Date, at an amount equal to the Make Whole Amount together with accrued but unpaid Interest.

- 11.3.2 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day falling on or after the First Call Date, but before the Final Redemption Date, at the applicable Call Option Amount together with accrued but unpaid Interest.
- 11.3.3 Redemption in accordance with Clause 11.3.1 and 11.3.2 shall be made by the Issuer giving not less than 15 Business Days' notice to the Holders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.
- 11.4 **Voluntary partial repayment**
- (a) Provided that a repayment pursuant to this Clause 11.4 (a) is made prior to an Equity Listing Event and provided that no Permitted Partial Repayment (as defined in (b) below) has been made prior thereto, the Issuer may repay an amount not exceeding EUR 10,000 (rounded off to a multiple of EUR 100) of principal debt outstanding on all, but not only some, of the Bonds on one Interest Payment Date per each Relevant Period as from the Issue Date until and including the First Call Date (without carry-back or carry forward), at a price equal to 103.00 per cent. of the repaid Nominal Amount together with accrued but unpaid Interest on the repaid Nominal Amount, resulting in partial repayment of all Bonds by way of reduction of the Nominal Amount of each Bond *pro rata*.
 - (b) provided that no repayment in accordance with Clause 11.4 (a) above has been made prior thereto, the Issuer may at one occasion repay an amount which shall be equal to EUR 14,300 (rounded off to a multiple of EUR 100) of principal debt outstanding on all, but not only some, of the Bonds, at a price equal to 103.75 per cent. of the repaid Nominal Amount together with accrued but unpaid interest until and including the date of payment on the repaid Nominal Amount, resulting in partial repayment of all Bonds by way of reduction of the Nominal Amount of each Bond *pro rata* (the "**Permitted Partial Repayment**"). Such repayment shall be made no later than 20 Business Days after an Equity Listing Event has occurred.
 - (c) The Issuer shall give not less than 20 Business Days' notice of the repayment in accordance with this Clause 11.4 to the Agent and the Holders.
- 11.5 **Equity claw back**
- The Issuer may at one occasion, in connection with an Equity Listing Event, repay up to 35.00 per cent. of the total Initial Nominal Amount (provided at least 65.00 per cent. of the total Initial Nominal Amount per Bond remains outstanding after such repayment, and where the term "Initial Nominal Amount" for the purpose of this Clause 11.5 shall be deemed to be the Nominal Amount of each Bond following a partial reduction of the Nominal Amount pursuant to Clause 11.7 (*Mandatory Partial Repayment upon an Acquisition Failure*), if applicable), in which case all outstanding Bonds shall be partially repaid by way of reducing the Nominal Amount of each Bond *pro rata*. The repayment must occur on an Interest

Payment Date within 180 calendar days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by the relevant Group Company as a result of such Equity Listing Event (net of fees, charges and commissions actually incurred in connection with such offering and net of taxes paid or payable as a result of such offering), and the Issuer shall give not less than 20 Business Days' notice of the repayment to the Agent and the Holders. The repayment per Bond shall equal the repaid Nominal Amount (rounded down to the nearest EUR 100) plus a premium on the repaid amount equal to the applicable Call Option Amount and shall for the period from the Issue Date up to (but excluding) the First Call Date be at a price of 103.75 per cent. of the Nominal Amount.

11.6 Mandatory repurchase due to a Change of Control Event (put option)

11.6.1 Upon a Change of Control Event occurring, each Holder shall have the right to request that all, but not only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest; during a period of 30 calendar days following a notice from the Issuer of the Change of Control Event pursuant to Clause 12.10.1 (e). The 30 calendar days' period may not start earlier than upon the occurrence of the Change of Control Event.

11.6.2 The notice from the Issuer pursuant to Clause 12.10.1 (e) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 12.10.1 (e). The repurchase date must fall no later than 20 Business Days after the end of the period referred to in Clause 11.6.1.

11.6.3 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 11.6, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 11.6 by virtue of the conflict.

11.6.4 Any Bonds repurchased by the Issuer pursuant to this Clause 11.6 may at the Issuer's discretion be retained or sold, but not cancelled.

11.7 Mandatory Partial Repayment upon an Acquisition Failure

Upon an Acquisition Failure occurring, the Agent shall procure that the EUR 20,000,000 which otherwise is designated for the Second Disbursement instead is applied towards partial repayment of all, but not only some, of the Bonds by way of reducing the Nominal Amount of each Bond *pro rata* (rounded down to a multiple of EUR 100), which repayment shall be made without premium but include accrued but unpaid Interest on the repaid Nominal Amount. Such repayment shall be made by the Issuer on the first Interest Payment

Date following the Acquisition Failure, subject to that the Issuer shall give not less than 15 Business Days' notice of the repayment to the Agent and the Holders. When a repayment in accordance with this Clause 11.7 has been completed, the pledge over the Escrow Account shall be released, provided that the Conditions Subsequent for the First Disbursement have been fulfilled to the satisfaction of the Agent (acting reasonably).

12. SPECIAL UNDERTAKINGS

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 12.

12.1 Distributions

- (a) The Issuer shall not, and shall procure that none of the Subsidiaries:
 - (i) pay any dividend on shares;
 - (ii) repurchase any of its own shares;
 - (iii) redeem its share capital or other restricted equity with repayment to shareholders;
 - (iv) repay principal or pay interest under any shareholder loans;
 - (v) grant any loans except to Group Companies; or
 - (vi) make any other similar distribution or transfers of value (Sw. *värdeöverföringar*) to the Issuer's, or the Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders,
- (items (i)-(vi) above are together and individually referred to as a "Restricted Payment"), provided however that any such Restricted Payment can be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, by:
- (A) any Group Company, if such Restricted Payment is made to another Group Company and, if made by any of the Subsidiaries which is not directly or indirectly wholly owned by the Issuer, is made on a *pro rata* basis;
 - (B) by the Issuer, if such Restricted Payment constitutes the Initial Distribution; and
 - (C) by the Issuer, on one or more occasions, provided that (w) the Incurrence Test (calculated on a pro forma basis including the relevant Restricted Payment) is met, (x) the Restricted Payment is made on or prior to the date falling 15 months after the Issue Date, (y) the aggregated amount of all Restricted Payments made in accordance with this item (C) does not exceed EUR 5,000,000 and (z) the Net Cash Position (calculated on a pro forma basis including the relevant Restricted Payment) amounts to not less

than EUR 4,000,000 (the distribution set out in this item (C) is referred to as the "Permitted Distribution").

- (b) Notwithstanding the above, any such Restricted Payment can be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment if made by the Issuer, subject to the conditions in (c) below, and provided that the following conditions are satisfied:
 - (i) that an Equity Listing Event has occurred where the shares in the Parent or the Issuer are listed;
 - (ii) that the Permitted Partial Repayment has been made; and
 - (iii) that the Permitted Distribution has not been and will not be made.
- (c) If the conditions set out in (b) above are satisfied, the Issuer may distribute:
 - (i) a maximum of 50 per cent. of the Group's net profit of the preceding financial year, provided that the Distribution Test (calculated on a pro forma basis including the relevant Restricted Payment) is not greater than 2.50;
 - (ii) a maximum of 60 per cent. of the Group's net profit of the preceding financial year, provided that the Distribution Test (calculated on a pro forma basis including the relevant Restricted Payment) is not greater than 2.00; and
 - (iii) a maximum of 70 per cent. of the Group's net profit of the preceding financial year, provided that the Distribution Test (calculated on a pro forma basis including the relevant Restricted Payment) is not greater than 1.50.

12.2 Listing of Bonds

The Issuer shall ensure (i) that the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market, not later than 12 months after the Issue Date, (ii) that the Bonds, once listed on the relevant Regulated Market, continue being listed thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds, as well as any temporary interruption in the listing of the Bonds due to technical reasons following the Permitted Merger) and (iii) that, upon any Subsequent Bond Issue, the volume of Bonds listed on the relevant Regulated Market promptly, and not later than 10 Business Days after the relevant issue date, is increased accordingly.

12.3 Nature of business

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

12.4 Financial Indebtedness

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

12.5 Negative pledge

The Issuer shall not, and shall procure that none of the Subsidiaries, create or allow to subsist, retain, provide, prolong or renew any guarantee or 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 retain, provide, prolong and renew any Permitted Security.

12.6 Clean down period

The Issuer shall procure that during each calendar year, there shall be a period of 5 consecutive calendar days during which the amount outstanding under the Permitted Credit Facility shall amount to zero. Not less than 3 months shall elapse between two clean down periods.

12.7 Disposals of assets

The Issuer shall not, and shall procure that no Material Group Company, sell or otherwise dispose of shares in any Material Group Company or of all or substantially all of its or any Material Group Company's assets or operations to any Person not being the Issuer or any of the wholly-owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. The Issuer shall notify the Agent of any such transaction and, upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably). For the avoidance of doubt, shares which have been pledged pursuant to the Share Pledge Agreement may at no point be disposed of as long as such shares remain pledged.

12.8 Dealings with related parties

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

12.9 Compliance with laws etcetera

The Issuer shall, and shall procure that the Subsidiaries, (i) comply in all material respects with all laws and regulations applicable from time to time and (ii) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company.

12.10 Financial reporting etcetera

12.10.1 The Issuer shall:

- (a) prepare and make available the annual audited consolidated financial statements of the Group 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 from the Issuer's board of directors, to the Agent and on its website not later than 4 months after the expiry of each financial year;
- (b) prepare and make available the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than 2 months after the expiry of each relevant interim period (for the first time in connection with the Financial Report relating to the interim period ending on 30 June 2014);
- (c) issue a Compliance Certificate to the Agent in connection with the incurrence of Financial Indebtedness or the payment of any Restricted Payment which requires that the Incurrence Test or a Distribution Test is met and at the Agent's request, within 20 calendar days from such request;
- (d) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website; and
- (e) promptly notify the Agent (and, as regards a Change of Control Event, an Acquisition Failure or an Equity Listing Event, the Holders) upon becoming aware of the occurrence of a Change of Control Event, an Acquisition Failure, an Equity Listing Event or an Event of Default, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice.

12.10.2 The Issuer shall notify the Agent of any transaction referred to in Clause 12.7 (*Disposals of assets*) and shall, upon request by the Agent, provide the Agent with (i) any information relating to the transaction which the Agent deems necessary (acting reasonably), and (ii) a determination from the Issuer which states whether the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (ii) above.

12.10.3 When the Bonds have been listed, the Financial Reports shall, in addition, be prepared in accordance with IFRS and made available in accordance with the rules and regulations of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).

12.11 Agent Agreement

12.11.1 The Issuer shall, in accordance with the Agent Agreement:

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

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

13. CONDITIONS PRECEDENT FOR THE FIRST DISBURSEMENT

13.1 The Agent's approval of the first disbursement from the Escrow Account of the Net Proceeds is subject to the following documents having been received by the Agent, in form and substance satisfactory to the Agent (acting reasonably):

- (a) copy of duly executed release notice from the lender under the Senior Debt confirming that all Senior Debt Security will be released upon repayment in full of the Senior Debt;
- (b) copy of duly executed Share Pledge Agreement together with a confirmation that the security interests thereunder will be duly perfected in accordance with Clause 14.1(c);
- (c) copy of duly executed Intra-group Loan Agreement;
- (d) copy of duly executed Intra-group Loan Pledge Agreement together with a notice from the Issuer to the Pledged Group Company regarding the pledge acknowledged by the Pledged Group Company; and
- (e) copy of duly executed Funds Flow Statement evidencing that the amounts to be released from the Escrow Account shall be used towards repayment in full of the Existing Debt.

13.2 When the Conditions Precedent for the First Disbursement have been fulfilled to the satisfaction of the Agent (acting reasonably), (i) the funds standing to the credit of the Escrow Account may be exchanged into other currencies in order to procure the transfers set out in the Funds Flow Statement and (ii) the Agent shall instruct the account bank to make the transfers set out in the Funds Flow Statement from the Escrow Account for the purpose of repayment in full of the Existing Debt.

14. CONDITIONS SUBSEQUENT FOR THE FIRST DISBURSEMENT

- 14.1 The Issuer shall provide evidence to the Agent, in form and substance satisfactory to the Agent (acting reasonably), showing that the events listed below have occurred at the times set out below:
- (a) that the Existing Debt has been repaid in full, immediately after the payments set out in the Funds Flow Statement have been made;
 - (b) that all Senior Debt Security, except for any security related to Derivative Transactions and falling within item (d) of the definition Permitted Security, have been released with no remaining obligations of any Group Company, not later than 1 Business Day after the payments from the Escrow Account set out in the Funds Flow Statement have been made; and
 - (c) that the Issuer has provided the Agent documents evidencing that the security interests under the Share Pledge Agreement have been duly perfected, not later than 1 Business Day after the payments from the Escrow Account set out in the Funds Flow Statement have been made, such evidence to include (i) a certified copy of the share register of the Pledged Group Company setting out the pledge over the shares in the Pledged Group Company, (ii) duly endorsed in blank original share certificate(s) and (iii) a notice from the Issuer to the Pledged Group Company regarding the pledge acknowledged by the Pledged Group Company.
- 14.2 When the Conditions Subsequent for the First Disbursement have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall (i) instruct the account bank to transfer surplus funds, if any, equal to the amount standing to the credit of the Escrow Account less EUR 20,000,000 to the Issuer and (ii), provided that the Conditions Subsequent for the Second Disbursement have been fulfilled, release the pledge over the Escrow Account.
15. **CONDITIONS PRECEDENT FOR THE SECOND DISBURSEMENT**
- 15.1 The Agent's approval of the second disbursement from the Escrow Account of the EUR 20,000,000 remaining of the Net Proceeds (the "Second Disbursement") is subject to the following documents having been received by the Agent:
- (a) copy of duly executed share purchase agreement in relation to the Acquisition; and
 - (b) copy of duly executed request from the Issuer of the Second Disbursement, in form and substance satisfactory to the Agent (acting reasonably), such request to include a confirmation that completion of the Acquisition will occur and that no conditions for completion of the Acquisition are outstanding except for payment of the purchase price and transfer formalities in relation to the shares.
- 15.2 When the Conditions Precedent for the Second Disbursement have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall instruct the account bank to make the Second Disbursement to a bank account specified by the Issuer.
16. **CONDITIONS SUBSEQUENT FOR THE SECOND DISBURSEMENT**

16.1 The Issuer shall provide evidence to the Agent, in form and substance satisfactory to the Agent (acting reasonably), showing that the events listed below have occurred not later than 5 Business Days after the Second Disbursement has been made:

- (a) that the Acquisition has been completed and consequently that the Pledged Group Company has become the owner of Satech, such evidence to include (i) copy of the share register (*It. libro soci*) of Satech setting out the Pledged Group Company as owner of the shares in Satech and (ii) a statement from a reputable law firm confirming that the Acquisition has been completed; and
- (b) that the shares in the Pledged Group Company which will be issued to the sellers in relation to the Acquisition as non-cash consideration for Satech have been applied as capital contribution to the Issuer in a share issue in kind made by the Issuer, and that the shares issued in such issue in kind have been applied as capital contribution to the Parent in a share issue in kind made by the Parent.

16.2 When the Conditions Subsequent for the Second Disbursement have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall release the pledge over the Escrow Account (provided that the Conditions Subsequent for the First Disbursement have been fulfilled).

17. TERMINATION OF THE BONDS

17.1 The Agent is entitled, on behalf of the Holders, to terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Agent determines (such later date not falling later than 20 Business Days from the date on which the Agent made such declaration), if:

- (a) **Non-payment:** The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is due to technical or administrative error and is remedied within 5 Business Days of the due date;
- (b) **Conditions subsequent:** The Issuer has not provided the Agent with evidence, in form and substance satisfactory to the Agent (acting reasonably), showing (i) that the Conditions Subsequent for the First Disbursement have been fulfilled at the time set forth in Clause 14.1 and (ii), provided that the Second Disbursement has been made, that the Conditions Subsequent for the Second Disbursement have been fulfilled not later than 5 Business Days after the Second Disbursement has been made.
- (c) **Other obligations:** The Issuer or any other Group Company does not comply with the Finance Documents in any other way than as set out under item (a) and (b) above, unless the non-compliance (i) is capable of being remedied and (ii) is remedied within 15 Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request);
- (d) **Cross-acceleration:**

- (i) Any Financial Indebtedness of any Material Group Company is not paid when due nor within (a) any originally applicable grace period or (b) 10 Business Days from the relevant due date, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default howsoever described under any document relating to Financial Indebtedness of any Material Group Company; or
- (ii) any security interest securing Financial Indebtedness over any asset of any Material Group Company is enforced;

provided however that the amount of Financial Indebtedness referred to under item (i) and/or (ii) above, individually or in the aggregate exceeds an amount corresponding to EUR 1,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company;

(e) Insolvency:

- (i) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors (other than under these Terms and Conditions) with a view to rescheduling its Financial Indebtedness; or
- (ii) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company;

(f) 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 30 calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to the Subsidiaries, solvent liquidations) in relation to:

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

(g) Mergers and demergers:

- (i) Without prejudice to the Permitted Merger, a decision is made that any Material Group Company shall be merged or demerged into a company

which is not a Group Company, unless the Agent has given its consent (not to be unreasonably withheld or delayed) in writing prior to the merger and/or demerger (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors); or

- (ii) without prejudice to the Permitted Merger, the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity;

(h) **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value equal to or exceeding EUR 1,000,000 and is not discharged within 30 calendar days;

(i) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable; or

(j) **Continuation of the business:** The Issuer or any other Material Group Company ceases to carry on its business, except if due to (i) a merger or demerger that is not prohibited by Clause 17.1 (g) or (ii) a disposal which is not prohibited by Clause 12.7.

17.2 Termination for payment prematurely on the grounds mentioned in Clauses 17.1 (c) and (d) or, regarding any of the Subsidiaries, on the grounds mentioned in Clauses 17.1 (e), (f), (g), (h) and (j) may only occur if the nature of the particular circumstance is such that it would have a Material Adverse Effect and that the cause of termination is continuing at the time of the Agent's declaration. However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned in Clause 17.1 (e).

17.3 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.

17.4 The Issuer is obliged to inform the Agent immediately if any circumstance of the type specified in Clause 17.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Clause 17.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 17.1 and provide the Agent with all documents that may be of significance for the application of this Clause 17.

17.5 The Issuer is only obliged to inform the Agent according to Clause 17.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with NASDAQ

OMX Stockholm (or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) or otherwise, the Issuer shall however be obliged to either seek the approval from NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 17.4.

- 17.6 If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 17.1, the Agent shall decide, within 20 Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 19 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default and whether such event has a Material Adverse Effect.
- 17.7 If the Holders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 19 (*Decisions by Holders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.
- 17.8 If the Bonds are declared due and payable in accordance with the provisions in this Clause 17, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 17.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 17 without relevant decision by the Agent or following instructions from the Holders' pursuant to Clause 19 (*Decisions by Holders*).
- 17.10 If the Bonds are declared due and payable in accordance with this Clause 17 (*Termination of the Bonds*), the Issuer shall redeem all Bonds with an amount per Bond equal to 105.00 per cent. of the Nominal Amount or, if the Bonds are declared due and payable on or after the First Call Date, at the applicable Call Option Amount.
18. **DISTRIBUTION OF PROCEEDS**

18.1 If the Bonds have been declared due and payable in accordance with Clause 17 (*Termination of the Bonds*), all payments by the Issuer relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

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

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

18.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 18.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 18.1.

18.3 Funds that the Agent receives (directly or indirectly) in connection with the termination of the Bonds and/or enforcement of any or all of the security created under the Finance Documents constitute escrow funds according to the Escrow Funds Act and must be held on a separate interest-bearing account on behalf of the Holders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 18 as soon as reasonably practicable.

18.4 If the Issuer or the Agent shall make any payment under this Clause 18, the Issuer or the Agent, as applicable, shall notify the Holders 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 9.1 shall apply.

19. DECISIONS BY HOLDERS

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

- 19.2 Any request from the Issuer or a Holder (or Holders) representing at least 10 per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.
- 19.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- 19.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 8 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:
- (a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or
 - (b) on the Business Day specified in the communication pursuant to Clause 21.3, in respect of a Written Procedure,
- may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- 19.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 21.3:
- (a) waive a breach of or amend an undertaking set out in Clause 12 (*Special undertakings*);
 - (b) release any security provided under the Security Documents;
 - (c) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
 - (d) amend any payment day for principal or Interest or waive any breach of a payment undertaking, or
 - (e) amend the provisions in this Clause 19.5 or Clause 19.6.
- 19.6 Any matter not covered by Clause 19.5 shall require the consent of Holders representing more than 50 per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the

instructions given pursuant to Clause 21.3. This includes, but is not limited to, any amendment to or waiver of the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 22.1 (a) or (b)), a termination of the Bonds or the enforcement of any security created under the Security Documents.

- 19.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Agent in a Written Procedure, will prevail.
- 19.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least 20 per cent. of the Adjusted Nominal Amount:
- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (a) if in respect of a Written Procedure, reply to the request.
- 19.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 20.1) or initiate a second Written Procedure (in accordance with Clause 21.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 19.8 shall not apply to such second Holders' Meeting or Written Procedure.
- 19.10 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 19.11 A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 19.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 19.13 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.
- 19.14 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.

- 19.15 If a decision shall be taken by the Holders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.
- 19.16 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Agent, as applicable.
- 20. HOLDERS' MEETING**
- 20.1 The Agent shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than 5 Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons).
- 20.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 20.1 with a copy to the Agent. After a request from the Holders pursuant to Clause 23.4.3, the Issuer shall no later than 5 Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 20.1.
- 20.3 The notice pursuant to Clause 20.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Holders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 20.4 The Holders' Meeting shall be held no earlier than 10 Business Days and no later than 20 Business Days from the notice.
- 20.5 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within 20 Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.
- 20.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide

that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.

- 20.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in Person.

21. WRITTEN PROCEDURE

- 21.1 The Agent shall instigate a Written Procedure no later than 5 Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent.
- 21.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 21.1 to each Holder with a copy to the Agent.
- 21.3 A communication pursuant to Clause 21.1 shall include (i) each request for a decision by the Holders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least 10 Business Days from the communication pursuant to Clause 21.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 21.4 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 19.5 and 19.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 19.5 or 19.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

22. AMENDMENTS AND WAIVERS

- 22.1 The Issuer and the Agent (acting on behalf of the Holders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (c) such amendment or waiver has been duly approved by the Holders in accordance with Clause 19 (*Decisions by Holders*).

- 22.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- 22.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 22.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.
- 22.4 An amendment or waiver to the Finance Documents shall take effect on the date determined by the Holders Meeting, in the Written Procedure or by the Agent, as the case may be.
- 23. APPOINTMENT AND REPLACEMENT OF THE AGENT**
- 23.1 Appointment of Agent**
- 23.1.1 By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent and security agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Holder. By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.
- 23.1.2 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Holder which does not comply with such request.
- 23.1.3 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.
- 23.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's obligations as agent and security agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 23.1.5 The Agent may act as agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.
- 23.2 Duties of the Agent**
- 23.2.1 The Agent shall represent the Holders in accordance with the Finance Documents. However, the Agent is not responsible for the execution or enforceability of the Finance Documents.

- The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.
- 23.2.2 The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 23.2.3 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 23.2.4 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.
- 23.2.5 The Agent shall treat all Holders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
- 23.2.6 The Agent shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 23.2.7 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under the Finance Documents or (iii) when the Agent is to make a determination under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 18 (*Distribution of proceeds*).
- 23.2.8 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.
- 23.2.9 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

- 23.2.10 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents, or (ii) if it refrains from acting for any reason described in Clause 23.2.9.
- 23.3 **Limited liability for the Agent**
- 23.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 23.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- 23.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 23.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 19 (*Decisions by Holders*).
- 23.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Holders under the Finance Documents.
- 23.4 **Replacement of the Agent**
- 23.4.1 Subject to Clause 23.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 23.4.2 Subject to Clause 23.4.6, if the Agent is insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within 10 Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 23.4.3 A Holder (or Holders) representing at least 10 per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders' Meeting convened by it or by way of Written

Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.

- 23.4.4 If the Holders have not appointed a successor Agent within 90 calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 23.4.5 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.
- 23.4.6 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.
- 23.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- 23.4.8 In the event that there is a change of the Agent in accordance with this Clause 23.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

24. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

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

25. NO DIRECT ACTIONS BY HOLDERS

- 25.1 A Holder may not take any steps whatsoever against the Issuer or a Subsidiary 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 or a Subsidiary in relation to any of the liabilities of the Issuer under the Finance Documents.

25.2 Clause 25.1 shall not apply if the Agent has been instructed by the Holders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 23.1.2), 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 the Agent Agreement or by any reason described in Clause 23.2.9, such failure must continue for at least 40 Business Days after notice pursuant to Clause 23.2.10 before a Holder may take any action referred to in Clause 25.1.

25.3 The provisions of Clause 25.1 shall not in any way limit an individual Holder's right to claim and enforce payments which are due to it under Clause 11.6 (*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 Holders.

26. TIME-BAR

26.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void 10 years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void 3 years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Holders' right to receive payment has been time-barred and has become void.

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

27. NOTICES AND PRESS RELEASES

27.1 Notices

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

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

Agent, to such email address as notified by the Issuer to the Agent from time to time;
and

- (c) if to the Holders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Agent.

27.1.2 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 (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 27.1.1 or, in case of letter, 3 Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 27.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 27.1.1.

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

27.2 Press releases

27.2.1 Any notice that the Issuer or the Agent shall send to the Holders pursuant to Clauses 11.3-11.7, 12.10.1(e), 17.6, 18.4, 19.16, 20.1, 21.1, 22.3, 23.2.10 and 23.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.

27.2.2 In addition to Clause 27.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice the Agent may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Holders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Agent shall be entitled to issue such press release.

28. FORCE MAJEURE AND LIMITATION OF LIABILITY

28.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade 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.

28.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.

28.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with the Finance Documents, such action may be postponed until the obstacle has been removed.

28.4 The provisions in this Clause 28 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

29. GOVERNING LAW AND JURISDICTION

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

29.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 29.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.

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

We hereby certify that the above Terms and Conditions are binding upon ourselves.

Place:

TROAX GROUP AB (PUBL)
as Issuer

Name:

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

Place:

NORDIC TRUSTEE & AGENCY AB (PUBL)
as Agent

Name:

9 Addresses

The Company

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