



STRÖMMA TURISM & SJÖFART AB (PUBL)

**PROSPECTUS REGARDING LISTING OF
MAXIMUM SEK 400,000,000**

**SENIOR UNSECURED CALLABLE FLOATING RATE BONDS
2016/2021**

ISIN: SE0008322333

6 July 2016

Important information

This prospectus (the “**Prospectus**”) has been prepared by Strömma Turism & Sjöfart AB (publ) (the “**Company**”), registration number 556051-5818, in relation to the application for listing of bonds issued under the Company’s maximum SEK 400,000,000 senior unsecured callable floating rate bonds 2016/2021 with ISIN SE0008322333 (the “**Bonds**”), of which SEK 300,000,000 was issued on 27 May 2016 (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”) (the “**Bond Issue**”), on the Corporate Bond List at NASDAQ OMX Stockholm AB (“**Nasdaq Stockholm**”). References to the Company, Strömma or the Group refer in this Prospectus to Strömma Turism & Sjöfart AB (publ) and its subsidiaries, unless otherwise indicated by the context. References to “SEK” refer to Swedish Kronor.

This Prospectus has been prepared in accordance with the rules and regulations in the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with the provisions in Chapter 2, Sections 25 and 26, of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete.

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

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

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

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

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

The Bonds may not be a suitable investment for all investors and each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact other Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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Risk factors

Investing in the Bonds involves inherent risks. The financial performance of Strömman and the Group and the risks associated with its business are important when making a decision on whether to invest in the Bonds. A number of risk factors and uncertainties may adversely affect the Group. If any of these factors or uncertainties actually occurs, there is a risk that the business, operating results and financial position of the Group will be materially and adversely affected, which ultimately will affect the Company's ability to make payments of interest and repayments of principal under the Terms and Condition. In this section, a number of risk factors are illustrated, namely general risks pertaining to the Group's business operations and material risks relating to the Bonds as financial instruments. The risks presented in this Prospectus are not exhaustive as other risks not known to the Company or risks arising in the future may also adversely affect the Group, the price of the Bonds and the Company's ability to service its debt obligations. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.

Risks associated with the Group, the industry and the market

Macroeconomic factors

The tourism business is to a large extent affected by macroeconomic factors such as the general state of the economy, employment rate development, population growth, structure of the population, inflation, interest rates etc. Strömman is exposed to macroeconomic factors which affect the tourism market in Europe, particularly factors which affect the Nordic region since the Group conducts a major part of its business in that region. The most recent economic downturn and uncertainty on the international financial markets, including the Euro crisis, have had an adverse impact on the global economy. There is a risk that any turbulence, in particular on the Nordic tourism market, or downturns in the global economy, will have an adverse effect on the financial position of customers of the Group and thereby decrease the demand for the Group's attractions. If one or several of these factors have a negative development, there is a risk that it will have a material negative impact on the Group's operations, earnings and financial position.

The possibility for Strömman to successfully sell its products

Strömman's business mainly consists of sales of tourism attractions in the Nordic countries in general and Sweden in particular, which means that both the willingness and the ability to pay for such experience are of crucial importance for Strömman's operations, earnings and financial position. The willingness to pay for tourism attractions is, among other things, dependent on how well a specific tourism attraction corresponds to the market demand, the activity on the travel market and that people choose to travel to as well as within the Nordic countries.

The ability to pay for travels and tourism activities is, among other things, dependent on the development of wages, the employment ratio, the levels of taxes and charges and other factors which generally affect the economy of households. There is a risk that changes of rules that result in reduced economy for the households are implemented and that such changes will have a negative impact on the willingness to pay for tourism activities.

If customers' willingness or ability to pay for Strömman's activities decreases, there is a risk that it will have a material negative impact on the Group's operations, earnings and financial position.

Risks relating to the Group's business model

The Group's business comprises of season dependent travel activities. The majority of the Group's income (approximately 70 percent) is allocated during the summer time (e.g., between May and September) when most of the tourists are visiting the Nordic countries in general and Sweden in particular. This business model results in an uneven cash flow which entails a risk that the liquidity of the Group is reduced during certain periods of the year. Also, the business model results in a demand for temporary employed personnel, such as seasonal workers and consulting experts, which gives an uncertainty comparing to permanently employees. Approximately 60-70 percent of the previous seasonal workers (which are often university students) return the year after. However, there is a risk that the Group will fail in finding and maintaining temporary employed personnel by reason of a business boom.

In the current business plan, the Group aims to substantially increase the markets of which the Group operates and has for this purpose recently acquired the shares (and votes) of the Dutch company Canal Bike B.V ("Canal"). This extensive expansion plan will, *inter alia*, require a large amount of external capital, which significantly affects the Group's debt level, and such rapid expansion will also put pressure on the liquidity of the Group. The financial position, including the incurrence of additional debt, of the Group is adapted and based on the expected results of this expansion. Failure in succeeding with the contemplated expansion and the desired increase in profit will therefore adversely affect the Group's ability to meet its financial obligations.

A successful expansion is furthermore dependent on the Group's ability to adapt its organisation, know-how, staffing and financial position to meet various challenges associated with an expansion.

There is a risk that if one or several of the above factors would develop negatively or if any of the described risks would materialise, it will have a material negative impact on the Group's operations, earnings and financial position.

Risks related to weather- and climate dependency

The amount of the Group's customers is to some extent affected by the weather conditions during high season. While tickets to consumers are often sold just before entering the attractions, the tickets to companies are sold from distance in advance. Hence, the result of the sale to consumers is negatively affected in case of bad weather. For certain areas, the Group's supply is consistent despite the demand during high season. Such areas will suffer a material negative impact in the event of bad weather during high season. Hence, there is a risk that bad weather will have a material negative impact on the Group's operations, earnings and financial position.

Risks related to the fleet of buses and vessels

The Group's business and operations depend, *inter alia*, upon the performance of its equipment, such as its fleet of buses and vessels. The Group owns approximately 100 vessels and 70 buses with various conditions. The bus- and boat fleet is used in most of the Group's attractions and suffer damage due to accidents caused by its drivers, third party drivers, weather and damage caused by vandals. In addition, the fleet requires continuous maintenance. Should the fleet suffer an unexpected amount of damages, there is a risk that it will lead to decreased asset performance as well as increased maintenance costs, delays and lost revenue due to unscheduled stoppages during the most intensive weeks. Further, there is a risk that any decrease in the performance of Strömman's assets or significant expenses incurred in relation to repairing damage, will have a material negative impact on the Group's operations, earnings and financial position.

Dependence of laws, permits and decisions

Strömms business is regulated and affected by a number of laws and regulations as well as various processes and decisions relating to these regulations, both on a political level and on a civil servant level. Among other things, Regulation (EC) No 1370/2007 on public passenger transport services by rail and by road (Sw. *Kollektivtrafikförordningen*), Directive 2006/123/EC on services in the internal market (Sw. *Tjänstedirektivet*), security regulations, rules regarding permitted commercial transfers, etc. have a large impact on Strömms business as well as costs for, and opportunities to, develop attractions in a desired manner. There is a risk that Strömms interpretation of laws and regulations is incorrect, or that the interpretations may change in the future. Further, there is a risk that laws and regulations entail the Group to conduct its business as desired, or that this can only be achieved with increased expenditures.

The Group operates in certain public areas (*i.e.*, streets, squares, harbours and water) that are subject to public pricing. In order for the Group to conduct its business as desired, various permits and decisions are required, including, *inter alia*, site leaseholds (Sw. *tomträtter*), permits for using bus stops, quay permits, permits for floating docks, and various kind of tourism registrations, which are approved and given by, for instance, municipalities and authorities, and which may be resolved on both a political and a civil servant level. There is a risk that Strömms is not granted the permits or obtains the decisions necessary to conduct and develop its business in a desired manner. Also, there is a risk that the established decision making practice (*e.g.*, in relation to public pricing) or the political will or direction in the future is changed in an adverse manner for Strömms and its associated companies.

If any of the above described risks would materialise, there is a risk that it will result in a material negative impact on the Group's operations, earnings and financial position.

Dependency on joint venture partners in associated companies

The Group has entered into joint venture agreements pursuant to which the partners have agreed to co-operate with regard to certain projects regarding tourism attractions. As some of the Group's attractions are operated in associated companies, this implies certain risks for Strömms.

As the associated companies are not controlled by Strömms, Strömms is dependent upon the actions of current and future partners in associated companies. There is a risk that this will result in reduced flexibility to operate the business, for instance with respect to investments in, or disposals of, properties and equipment in the associated companies. In addition, there is a risk, should the associated companies develop in a way which is negative for Strömms, that Strömms cannot take the measures which it finds most advantageous. Consequently, as Strömms cannot solely control the business conducted in the associated companies, values which could affect Strömms's profitability are hence dependent on current and future partners in associated companies, and it is therefore a risk that such values become reduced due to events outside Strömms's control.

Furthermore, Strömms is dependent upon a good relationship with the other joint venture-partners in associated companies for both the performance and results of current and future projects. If one or several co-operations no longer develop in a positive direction, there is a risk that such development results in disputes and that the associated companies will be dissolved, and its assets realised, on disadvantageous terms.

If any of the above described risks would materialise, there is a risk that it will have a negative impact on the Group's operations, earnings and financial position.

Dependence on the key personnel

The Group and its business is dependent on its key personnel since they have long experience of, and competence regarding, the tourism business. Through their experience, they have good relationships with participants, partners and creditors on the tourism market in the Nordic region as well as in other European countries. Accordingly, the key personnel is important for a successful development of the Group's and the associated companies' business. There is a risk that such key personnel will leave the Group in the future or that they will take up employment with a competing business. Further, there is a risk that the Group is unable to recruit new, qualified personnel to the extent that Strömman wishes. Hence, if the key personnel would leave the Group, there is a risk that it will have a material negative impact on the Group's operations, earnings and financial position.

Employee and trade union-related risks

Conflicts with employees and trade unions may occur by reason of interpretation, application and negotiation of collective bargaining agreements. Also, conflicts may relate to working hours, pay, benefits and other remuneration to both individuals and groups of employees. Such conflicts may arise on all the geographical markets in which Strömman operates and may lead to, e.g., strikes, lockouts, disputes and both temporary costs and more permanent cost increases. Strömman's exposure to costs related to conflicts with trade unions depends on to what extent its organisation of employers decides to cover such costs. The Group places focus on good employee relations and has well-established practices for negotiations on working hours, terms of remuneration, information sharing and collaboration. However, strikes or work stoppages and interruptions have occurred in the past and could occur again if the Group is unable to renew the collective bargaining agreements on satisfactory terms. There is a risk that a lengthy strike or other work stoppage by the Group's employees will affect the Group's ability to conduct its operations and that such effects will have a material adverse impact on the Group's operations, earnings and financial position.

Financing risks

Strömman's largest financial risk is related to access to financing from credit institutions. The Group's business, especially with respect to acquisitions and maintenance of buses and vessels, is to a large extent financed through loans and credits from Danske Bank A/S. In order to finance purchases of buses and vessels, the Group has entered in hire-purchase agreements with, *inter alia*, Skandinaviska Enskilda Banken AB (publ). Hence, Strömman is working with Danske Bank A/S as its primary bank and Skandinaviska Enskilda Banken AB (publ) as its secondary bank. Should Strömman expand its business, it would likely need to acquire additional buses and/or vessels. Also, unexpected or increased costs as a result of factors within or outside the control of Strömman could occur. If such circumstances occur, there is a risk that they will result in increased costs which are not covered by the granted credit facilities. If Strömman is not able to obtain financing with respect to ongoing expenses, extension or increase of existing financing or refinancing of previously received financing, or is only able to obtain such financing on terms that are disadvantageous, there is a risk that such difficulties with financing will have a material negative impact on the Group's operations, earnings and financial position.

Liquidity risks

Liquidity risk is the risk that the Group cannot meet its payment obligations at the maturity date without the cost for obtaining cash or cash equivalents increasing significantly. 70 percent of the Group's annual income is earned during the period May to September when a majority of the tourists are visiting the locations where the Group operates. This business model results in an uneven cash flow. There is a risk

that an uneven cash flow in turn will affect the available liquidity of the Group negatively. Also, the Group is in an expansion phase, which means that the requirements on the Company's liquidity will increase. If Strömma's liquidity sources prove not to be sufficient, there is a risk that Strömma only can meet its payment obligations by raising funds on terms significantly increasing its financing costs or that the Group cannot meet its payment obligations at all and as a result thereof being in default under material agreements entered into by Strömma. There is a risk that such difficulties with liquidity will have a material negative impact on the Group's operations, earnings and financial position.

Borrowing by the Group and interest rate risks

The Group has incurred, and may in the future incur additional, financial indebtedness to finance the Group's business operations and expansion plans. Increased external financing to make investments will increase the Group's exposure to the loss of capital and higher interest expenses.

Interest rate risk is the risk that changes in interest rates affect the Group's interest costs. The Group's borrowings are, *inter alia*, related to STIBOR, plus a margin, which means that the Group is exposed to fluctuations on the STIBOR market. The main part of the Group's larger loans typically run for a construction period of 24 months and are then to be settled. Interest rates are for the Group not an insignificant cost item and the financial indebtedness of the Group give rise to interest costs which may be higher than the gains produced by the Group's operations. There is a risk that changes in interest rates will lead to changes in actual value, changes in cash flows and fluctuations in the Group's result. If such changes in interest rates would materialise, there is a risk that it will have a material negative impact on the Group's operations, earnings and financial position.

Undertakings and financial covenants in loan agreements

As at 31 December 2015, the Group's interest bearing debt (*i.e.* not including the associated companies) amounted to approximately SEK 214 million, of which approximately SEK 206 million consisted of long term debt and approximately SEK 8 million consisted of short term debt.¹ The borrowings from credit institutions are mainly concentrated to Danske Bank A/S. The Group has in most cases provided security in forms of ship mortgages, floating charges and guarantees for these loans. The loans taken up by the Group may be cancelled by the bank if the borrowing company does not comply with the terms and conditions for the relevant loans. Such terms include, among other things, the event that the security for the loan and the borrowing company's fulfilment of its obligations is no longer satisfactory and that there is a reasonable ground to believe that the borrowing company will not fulfil its obligations against the financial institutions. Inability to meet such terms will result in an event of default under such agreement, which entitles the bank to accelerate and require immediate repayment of the loans. There is a risk that a breach by the relevant borrower under an external financing agreement will lead to an acceleration of the loans provided under such agreement or the realisation of the security granted to the relevant credit institutions. Consequently, there is a risk that such breach will have a material negative impact on the Group's operations, earnings and financial position. Furthermore, an acceleration of a loan due to an event of default will, according to the terms of the Terms and Conditions, cause an event of default under the Bonds.

Environmental risks and requirements

The starting point for the responsibility with respect to contaminations and other environmental damage is, according to the current environmental laws, that the business operator, current and present, bears the

¹ The consolidated year-end report of the Company for the period 1 January – 31 December 2015, page 8.

responsibility. Strömma does not conduct any business which requires a permit according to the Environmental Code (SFS 1998:808) (Sw. *Miljöbalken (1998:808)*). However, there is a risk that previous owners or tenants on any properties that Strömma directly or indirectly may own from time to time have conducted business requiring a particular permit according to the Environmental Code, *i.e.*, that are business operators according to the Environmental Code.

If no business operator can carry out or pay for after-treatment of a property, the acquirer of the property, and which at the time of the acquisition knew about, or should have discovered, the contaminations is responsible for the after-treatment. Hence, there is a risk that claims under certain circumstances will be directed against Strömma for cleaning-up or after-treatment regarding the occurrence of, or suspicion of, contamination in the ground, water areas, or groundwater, in order to put the property in such condition as required by the Environmental Code.

There is a risk that changed laws, regulations and requirements from authorities on the environmental area will result in increased costs for Strömma with respect to cleaning-up or after-treatment regarding currently held or in the future acquired properties. Further, there is a risk that such changes will also result in increased costs for Strömma.

There is a risk that all such claims will have a material negative impact on the Group's operations, earnings and financial position.

Tax

Strömma's and the associated companies' operations are affected by the tax rules in force, from time to time, in Sweden. These rules include corporate tax, real estate tax, value added tax, rules regarding tax-exempt disposals of shares, other governmental or municipal taxes, and interest deductions and subsidies. Strömma's and the associated companies' tax situation is also affected by whether transactions between companies within the Group or with associated companies, and between the Group and associated companies, are considered to be priced on market terms. There is a risk that that the Company's interpretation of applicable tax laws and regulations, or that advice from tax advisors, is incorrect, or that such laws and regulations change, possibly with retroactive effect. Further, there is a risk that future changes in applicable laws and regulations will affect the conditions of the businesses of the Company and the associated companies.

There is a risk that tax rates will be changed in the future or that other changes of regulations occur which affect the Group. If any of the above described risks would materialise, there is a risk that it will have a material negative impact on the Group's operations, earnings and financial position.

Competition

Strömma's business competes with other companies within the tourism market as well as the retail market, for the visitors' free time during their stay in cities where the Company operates. In a globalized world, the attractions' unique and cultural character is of most important in order to draw potential visitors.

The Group competes with several competitors in order to obtain some of its guided routes from municipalities, which indicates that the competition is well functioning. Hence, although there is nothing indicating that the Group is involved in any kind of irregularities, there is a risk that the Group might become subject to investigations and proceedings by the Competition Authorities in the future. Furthermore, there is also a risk that the Group cannot maintain its unique supply of attractions and, as a result, lose market shares to competitors. There is a risk that such loss of market shares will have a material negative impact on the Group's operations, earnings and financial position.

Competitive market

The Group's future possibilities to compete are, among other things, dependent upon the Company's ability to anticipate future market changes and trends, and to rapidly react on existing and future market needs, which may result in increased costs or require price reductions or changes of Strömms's business model. There is a risk that increased competition from existing and new market participants as well as deteriorated competition possibilities will have a material negative impact on the Group's operations, earnings and financial position.

Reputational damage

Strömms's reputation is central to its business and earnings capacity. The Group's long-term profitability is based on that consumers, partners in associated companies and other participants on the tourism market associate Strömms with positive values and good quality. If, for example, Strömms, any of its senior management or partners in associated companies were to act in a manner that conflict with the values represented by Strömms, or if any of the Group's attractions does not meet the expectations of the market, there is a risk that the Group's reputation is damaged. There is a risk that damage to the reputation will have a material negative impact on the Group's operations, earnings and financial position.

Disputes

Strömms is currently involved in two legal proceedings of which both have been initiated by the Company. One of the proceedings regards a claim by Strömms of the remaining part of the purchase price from the Company's real estate divestment, amounting to approximately SEK 20-25 million. Strömms sued the purchaser in arbitral court. The board of arbitration resolved that the purchaser should pay the remaining part of the purchase price to the Company. As the Company did not get paid, it sued the purchaser in public court.

The other proceeding regards VAT on the Company's product Stockholm Pass. The Swedish Tax Agency claims that the sale of such products results in additional VAT of 25 percent. The Company on the other hand deems that the product is a multi-functional voucher and a sale of such voucher does not result in any additional VAT. The dispute is up for consideration by the administrative court.

In addition to the current proceedings, there is a risk that Strömms will become involved in other disputes or claims and that such disputes or claims will be time consuming and result in costs and loss of profits, the size of which cannot always be foreseen. Therefore, there is a risk that disputes will have a material negative impact on the Group's operations, earnings and financial position.

Insurance

Strömms's operations may be affected by a number of risks, such as potential damage to its buses and vessels, potential damage to third parties caused by the Company's drivers as a result of traffic accidents or potential environmental damage linked with Strömms's buses or vessels. Depending on their frequency and severity, these potential damages may result in losses or expose the Company to liabilities in excess of Strömms's insurance coverage or significantly impair its reputation. Moreover, any claims the Company makes under one of its insurance policies or the occurrence of an event or events resulting in a significant number of claims being made may also affect the availability of insurance and increase the premiums Strömms pays for its insurance coverage. Hence, if the Group is unable to maintain its insurance cover on terms acceptable to it or if future business requirements exceed or fall outside the Group's insurance cover or if the Group's provisions for uninsured costs are insufficient to cover the final costs, there is a risk that it will adversely impact the Group's operations, earnings and financial position.

Security risk

The Group conducts its business by, *inter alia*, boat- and bus tours. By transporting customers at sea and in large cities, the Group is subject to certain risks related to deficiencies in the security. Should an accident occur by reason of such deficiencies which result in damages to customers, there is a risk that such accident will have a significant effect to the Group's operations. Further, there is always a risk that accidents will occur in the future which may adversely impact the Group's operations, earnings and financial position.

Fluctuation in the price and availability of fuel

Fuel availability and prices are affected by a number of factors, including environmental legislation and global economic and political developments, over which Strömman has little to no influence. There is a risk that Strömman's fuel costs will also be affected by annual increases in fuel taxes. Moreover, there is also a risk that it will be a delay from when Strömman incurs the increased fuel costs and when its revenue is adjusted, and that such delay will negatively affect the Group's cash flow and the balance between its accounts receivable and accounts payable.

In the event of a shortage in fuel supply resulting from a disruption of oil imports, reduction in production or otherwise, there is a risk that the Group will face higher fuel prices or the curtailment of scheduled fuel deliveries. Consequently, there is a risk that such significant changes in fuel availability or costs will materially impact the Group's operations, earnings and financial position.

Currency risk

The Group operates through its subsidiaries in all of the Nordic countries. Accordingly, the functional currencies are Swedish Krona ("SEK"), Norwegian Krona ("NOK"), Danish Krona ("DKK") and Euro ("EUR"). Also, Strömman has a currency exposure against EUR in particular, by reason of the investment in Canal. Hence, some of the subsidiaries prepare their financial statements in currencies other than SEK (Strömman's reporting currency). When preparing Strömman's consolidated financial statements, the Company translates the balance sheets of its operating subsidiaries into SEK at each balance sheet date, and Strömman translates the income statements of its operating subsidiaries into SEK in accordance with the average exchange rate during the relevant financial period. Consequently, Strömman's results of operations and financial condition are affected by fluctuations in the rate of exchange between SEK and NOK, DKK and EUR.

Further, the changes in the currencies' exchange rates against other currencies affect peoples' willingness of travel and could thus affect the amount of customers in Strömman's business. Consequently, there is a risk that the Group will be exposed to unfavourable fluctuations in currency exchange rates and that such exposure will adversely impact the Group's operations, earnings and financial position.

Changed accounting rules

Strömman's business is affected by the accounting rules that, from time to time, are applied in Sweden, including for example IFRS and other international accounting rules. This means that the Group's, or its associated companies' accounting, financial reporting and internal control, may in the future be affected by and may have to be adapted to changed accounting rules or a changed application of such accounting rules. Consequently, there is a risk that this will entail uncertainty regarding the Group's and its associated companies' accounting, financial reporting and internal control and that this will also affect the Group's and the associated companies' accounted earnings, balance sheet and equity. Further, there is a risk that

such uncertainties will have a material negative effect on the Group's operations, earnings and financial position.

IT

The Group uses IT-systems for internal purposes and externally in relation to its customers. There is a risk that extensive downtime of network servers as well as attacks by IT-viruses will affect some of the Group's operations negatively. Ultimately, there is a risk that such effects on the Group's IT-system will have a negative impact on the Group's operations, earnings and financial position.

Risks relating to the Bonds

Credit risks

An investment in the Bonds carries a credit risk relating to the Company and the Group. The investor's ability to receive payment under the Terms and Conditions is therefore dependent upon the Company's ability to meet its payment obligations which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's operations and financial position are in turn affected by several factors, a number of which have been discussed above.

There is a risk that an increased credit risk will cause the market to charge the Bonds a higher risk premium and that such higher premium will have an adverse effect on the value of the Bonds. Furthermore, there is a risk that any deterioration in the financial position of the Company will entail a lower credit-worthiness and that the possibility for the Company to receive financing will be impaired when the Bonds mature.

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 its debt obligations is dependent upon the conditions of the capital markets and the Company's financial position at such time. Even if the markets and the Company's financial position are favourable, there is a risk that the Company's access to financing sources will not be available on acceptable terms, or at all. Also, there is a risk that the Company's inability to refinance its debt obligations on acceptable terms, or at all, will have a material adverse effect on the Company's business, financial position and results of operations and on the bondholders' recovery under the Bonds.

Ability to comply with the Terms and Conditions

The Group is required to comply with the Terms and Conditions. There is a risk that events beyond the Group's control, including changes in the economic and business condition in which the Group operates, will affect the Group's ability to comply with, among other things, the undertakings set out in the Terms and Conditions. Further, there is a risk that a breach of the Terms and Conditions will result in a default under the Terms and Conditions.

Interest rate risk

The value of the Bonds is dependent on several factors, including the level of the general market interest rates over time. The Bonds have a floating rate structure on 3 month STIBOR plus a margin and the interest rate of the Bonds will be determined two business days prior to the first day of each interest period. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. There is a risk that an increase of the general interest rate level will adversely affect the value of the Bonds. The general interest rate level is to a high degree affected by the Swedish and the international financial development and is outside the Group's control.

Liquidity risks

The Company has undertaken to list the Bonds on the corporate bond list of Nasdaq Stockholm within 60 calendar days after the issue date of the Bonds. It is further the Company's intention to complete such listing within 30 calendar days after the issue date of the Bonds. However, there is a risk that the Bonds will not be admitted to trading. Further, even if securities, including the Bonds, are admitted to trading on Nasdaq Stockholm, there is not always active trading in the securities, so there is a risk that the market for trading in the Bonds will be illiquid even if the Bonds are listed. This may result in the fact that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. There is a risk that lack of liquidity in the market will have a negative impact on the market value of the Bonds and that the nominal value of the Bonds will not be indicative compared to the market price of the Bonds if they are admitted for trading on Nasdaq Stockholm.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

The market price of the Bonds may be volatile

There is a risk that market price of the Bonds will be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations. If such fluctuations are repeated in the future, there is a risk that they will adversely affect the market price of the Bonds without regard to the Group's operating results, financial position or prospects.

Currency risk

The Bonds will be denominated and payable in SEK. If investors in the Bonds measure their investment return by reference to a currency other than SEK, an investment in the Bonds will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments. There is a risk that such changes in the value will cause a decrease in the effective yield of the Bonds below their stated coupon rates and result in a loss to investors when the return on the Bonds is translated into the currency by reference to which the investors measure the return on their investments. Further, there is a risk that Government and monetary authorities will impose (as some have done in the past) exchange controls and that such exchange controls will adversely affect an applicable exchange rate or the ability of the Company to make payments in respect of the bonds. As a result, there is a risk that investors will receive less interest or principal than expected, or no interest or principal.

Dependence on subsidiaries

A significant part of the Group's assets and revenues relate to the Company's subsidiaries. Accordingly, the Company is dependent upon receipt of sufficient income related to the operation of and the ownership in the subsidiaries to enable it to make payments under the Bonds. The Company's subsidiaries are legally separate and distinct from the Company and have no obligation to pay amounts due with respect to the Company's obligations and commitments, including the Bonds, or to make funds available for such

payments. The ability of the Company's subsidiaries to make such payments to the Company is subject to, among other things, the availability of funds, corporate restrictions and the terms of each operation's indebtedness. Should the Company not receive sufficient income from its subsidiaries, there is a risk that the investor's ability to receive payment under the Terms and Conditions will be adversely affected.

Structural subordination and insolvency of subsidiaries

In the event of insolvency, liquidation or a similar event relating to one of the Company's subsidiaries, all creditors of that company would be entitled to payment in full out of the assets of such company before any entity within the Group, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of such subsidiaries. There is a risk that the Group and its assets would not be protected from actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. In addition, there is a risk that defaults by, or the insolvency of, the Company's subsidiaries will result in the obligation of the Company to make payments under financial or performance guarantees in respect of the subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group. Consequently, there is a risk that such events will have a material adverse effect on the Company's business, financial position and results of operations and on the bondholders' recovery under the Bonds.

Unsecured obligations

The Bonds represent an unsecured obligation of the Company. This means that in the event of bankruptcy, re-organization or wind-up of the Company, the holders of the Bonds normally receive payment after any priority creditors, as allowed for in the Terms and Conditions or as mandatorily preferred by law, have been paid in full. Each investor should be aware that there is a risk that an investor in the Bonds loses all or part of their investment if the Company becomes bankrupt, carries out a re-organization or is wound-up.

The principal shareholder

Hans von Rettig controls, directly and indirectly, 100 percent of all shares in Strömme. There is a risk that the interests of the principal shareholder will conflict with those of the bondholders and/or those of the Company and the Group, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. A company where any shareholder has a controlling interest may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgement, could enhance their equity investments, although such transactions might involve risks to the bondholders. In addition, there is nothing that prevents such shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, there is a risk that it will have a material negative impact on the Group's operations, earnings and financial position.

Risks related to early redemptions and put options

Under the Terms and Conditions, the Company has reserved the possibility to redeem all outstanding Bonds before the final redemption date. In addition, the Company would have been obliged to redeem all outstanding Bonds on the next interest payment date if the acquisition of all shares in Canal had not been completed before 90 calendar days after the Issue Date or, if earlier, the acquisition had been terminated by the Company or the seller(s) of Canal. If the Bonds are redeemed before the final redemption date, the bondholders have the right to 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 will not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds or will only be able to do so at a significantly lower rate.

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put option) if (i) an event or series of events occur whereby one or more persons, acting together, acquire control over the Company and where “control” means acquiring or controlling, directly or indirectly, more than 50 percent of the votes of the Company, or the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Company or (ii) the Bonds have not been listed on Nasdaq Stockholm within 60 days after the Issue Date. There is, however, a risk that the Company will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds and that such lack of funds will adversely affect the Company, *e.g.*, by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

No action against the Company and bondholders’ representation

In accordance with the Terms and Conditions, the agent will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Company. Consequently, individual bondholders 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 bondholders agree to take such action. However, there is a risk that a bondholder, in certain situations, will bring its own action against the Company (in breach of the Terms and Conditions), and that such action will negatively impact an acceleration of the Bonds or other action against the Company. To enable the agent to represent bondholders in court, the bondholders may have to submit a written power of attorney for legal proceedings. There is a risk that failure of all bondholders to submit such a power of attorney will 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 bondholders. Consequently, there is a risk that actions of the agent in such matters will impact a bondholder’s rights under the Terms and Conditions in a manner that would be undesirable for some of the bondholders.

Bondholders’ meetings

The Terms and Conditions will include certain provisions regarding bondholders’ meetings. Such meetings may be held in order to resolve on matters relating to the bondholders’ interests. The Terms and Conditions will allow for certain majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders’ meeting. Consequently, there is a risk that actions of the majority in such matters will impact a bondholder’s rights in a manner that would be undesirable for some of the bondholders.

Restrictions on the transferability of the Bonds

The Bonds have not been and will not be registered under the Securities Act, as amended, or any U.S. state securities laws. 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 Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country’s securities laws. Each potential investor should observe and obey the transfer restrictions that apply to the Bonds. It is the bondholder’s obligation to ensure, at own cost and expense, that its offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a bondholder cannot sell its Bonds as desired.

Risks relating to the clearing and settlement in Euroclear's book-entry system

The Bonds will be affiliated to Euroclear's account-based system, and no physical notes will be issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent upon the functionality of Euroclear's account-based system, which is a factor that the Company cannot control. There is a risk that Euroclear's account-based system will not function properly and that investors, as a result thereof, will not receive payments under the Bonds as they fall due.

Amended or new legislation

This material and the Terms and Conditions are based on Swedish law in force at their respective date of issuance. The impact of any possible future legislative measures or changes, or changes to administrative practices, may give rise to risks which are not possible to foresee. There is a risk that amended or new legislation and administrative practices will adversely affect the investor's ability to receive payment under the Terms and Conditions.

Conflict of interests

The Issuing Agent and sole bookrunner have engaged in, and/or may in the future engage in, investment banking and/or commercial banking or other services for the Company and the Group in the ordinary course of business. The Issuing Agent and sole bookrunner may thus in the future have relations with the Group other than those arising from its role in the issue of the Bonds. The Issuing Agent and sole bookrunner may, for example, provide services related to financing other than through the issue of the Bonds, such as investment banking services for, or other commercial dealings with, the Group. Therefore, conflict of interest may exist or may arise as a result of the Issuing Agent and sole bookrunner having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests. There is a risk that such conflicts of interest will adversely affect the Group's ability to renew or maintain existing financing or obtain further financing and in turn have a material negative effect on the Group's operations, earnings and financial position.

Responsible for the information in the Prospectus

The Company issued the Bonds on 27 May 2016. This Prospectus has been prepared in relation to the Company applying for admission to trading of the Bonds on Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act, each as amended.

The Company is responsible for the information given in this Prospectus. The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the actual conditions and that no information has been omitted which may distort the picture of the Company. The information in the Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Company is aware and can judge on basis of other information made public by the respective third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

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

Stockholm on 6 July 2016

STRÖMMA TURISM & SJÖFART AB (PUBL)

The board of directors

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 the documents incorporated by reference (see below section “Overview of financial reporting and documents incorporated by reference”) and the full Terms and Conditions for the Bonds, which can be found in section “Terms and Conditions for the Bonds”, before a decision is made to invest in the Bonds.

Concepts and terms defined in section “Terms and Conditions for the Bonds” are used with the same meaning in this section unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.

Summary of the Bonds

The Bonds are debt instruments (Sw. *skuldförbindelser*), intended for public market trading, which confirm that each Holder has a claim against the Company. The Company resolved to issue the Bonds on 20 April 2016. The purpose of the Bond Issue was to raise funds to be used for part financing of the acquisition of the shares of Canal. Any remaining proceeds from the Bond Issue shall be used for general corporate purposes of the Group. The proceeds from any Subsequent Bond Issue shall be used for general corporate purposes of the Group. The Issue Date for the Bonds was 27 May 2016. The Bonds will mature on 27 May 2021.

The aggregate nominal amount of the Bonds is maximum SEK 400,000,000 represented by Bonds denominated in SEK with ISIN SE0008322333, each with a Nominal Amount of SEK 1,000,000. The Bonds were issued at a price equal to 100 percent of the Nominal Amount. As of the date of this Prospectus, SEK 300,000,000 of the bond loan has been issued.

The Bonds have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear Sweden AB, registration number 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden. This means that the Bonds are registered on behalf of the Holders on a securities account (Sw. *VP-konto*). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding of preliminary tax will be made through Euroclear’s book-entry system.

The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Company and without any preference among them.

The Company shall redeem all outstanding Bonds at 100 percent of the Nominal Amount together with accrued but unpaid interest on the Final Redemption Date, unless previously redeemed or repurchased in accordance with Clause 10 “*Redemption and repurchase of the Bonds*” or terminated in accordance with Clause 14 “*Termination of the Bonds*” of the Terms and Conditions.

The Company may choose to redeem all, but not only some, of the Bonds in full on any Business Day at a redemption price equal to the applicable Call Option Price together with accrued but unpaid interest (see further Clause 10.3 “*Early voluntary redemption by the Issuer (call option)*” of the Terms and Conditions).

Upon a Change of Control Event or a Listing Failure, each Holder has a right of pre-payment (put option) of its Bonds at a price of 101 percent of the Nominal Amount together with accrued but unpaid interest (see further Clause 10.4 “*Mandatory repurchase due to a Change of Control Event or Listing Failure (put option)*” of the Terms and Conditions).

Payment of the Nominal Amount and/or interest will be made to the person who is a Holder on the Record Date immediately preceding the relevant payment date. Payments shall be made in SEK. The right to receive payment of the Nominal Amount is time-barred and becomes void ten years from the relevant Redemption Date, unless the limitation period is duly interrupted.

The Bonds bear interest from, but excluding, the Interest Payment Date falling immediately prior to their issuance up to, and including, the Relevant Redemption Date at floating rate of STIBOR (3 months) + 590 basis points per annum. STIBOR means either (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in SEK and for a period comparable to the relevant Interest Period; (b) if no 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 leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK one hundred million (100,000,000) 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 SEK offered in the Stockholm interbank market for the relevant period. If any such rate is below zero, STIBOR will be deemed to be zero.

Interest is paid quarterly in arrears on each Interest Payment Date and is 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). The Interest Payment Dates are 27 February, 27 May, 27 August and 27 November each year (with the first Interest Payment Date on 27 August 2016 and the last Interest Payment Date being the final Redemption Date). The right to receive payment of interest is time-barred and becomes void three years from the relevant due date for payment.

Intertrust CN (Sweden) AB, registration number 556625-5476, Sveavägen 9, P.O. Box 162 85, SE-103 25, Stockholm, Sweden is acting as Agent for the Holders in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. Even without a separate authorisation from the Holders and without having to obtain any Holder's consent (if not required to do so under the Terms and Conditions), the Agent, or a person appointed by the Agent, is entitled to represent the Holders in every matter concerning the Bonds and the Terms and Conditions. The Agent is authorised to act on behalf of the Holders whether or not in court or before an executive authority (including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Bonds). 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 to the Agent's satisfaction), as the Agent deems necessary for the purpose of carrying out its duties under the Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request of the Agent.

An agreement was entered into between the Agent and the Company on or about the Issue Date regarding, *inter alia*, the remuneration payable to the Agent. The Agent agreement is available at the Agent's office (Sveavägen 9, SE-111 57 Stockholm, Sweden). The rights and obligations of the Agent are set forth in the Terms and Conditions which are available at the Company's web page, www.stromma.se.

Each of the Company, the Agent and Holders representing at least ten percent of the total outstanding Nominal Amount, may request that a Holders' Meeting is convened (see further section 17 "*Holders' Meeting*" of the Terms and Conditions) or request a Written Procedure (see further section 18 "*Written Procedure*" of the Terms and Conditions). Such Holders' Meeting or Written Procedure may, upon votes

representing a relevant majority of Holders eligible for voting, cause resolutions to be validly passed and binding on all Holders.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall firstly be applied towards payment of all unpaid fees, costs and expenses incurred by and any remuneration payable to the Agent, other costs, expenses and indemnities relating to the termination of the Bonds or the protection of the Holders' rights, any non-reimbursed costs incurred by the Agent for external experts and any non-reimbursed costs and expenses incurred by the Agent in relation to a Holder's Meeting or a Written Procedure, secondly in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds, thirdly in or towards payment *pro rata* of any unpaid principal under the Bonds and fourthly in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Terms and Conditions. Any excess funds shall be transferred to the Company.

The Bonds are freely transferrable and trading can occur from their date of issuance. Holders may, however, be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Holder may be subject (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) for business). Each Holder must ensure compliance with local laws and regulations applicable at their own cost and expense. All Bond transfers are subject to the Terms and Conditions and the Terms and Conditions are automatically applicable in relation to all Bond transferees upon the completion of a transfer.

To simplify trading in the Bonds, the Company intends to apply for listing of the Bonds on Nasdaq Stockholm in connection with the Swedish Financial Supervisory Authority's approval of this Prospectus. The number of Bonds being admitted to trading if the application is approved by Nasdaq Stockholm is 300. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 8 July 2016. The fact that an application regarding listing of the Bonds on Nasdaq Stockholm has been submitted does not mean that the application will be approved. The total expenses of the admission to trading of the Bonds are estimated to amount to SEK 150,000.

The Terms and Conditions include an undertaking for the Company to ensure that the Bonds are listed on Nasdaq Stockholm. For the avoidance of doubt, Bonds issued in any Subsequent Bond Issue may be admitted to trading pursuant to this Prospectus within one year after the approval of this Prospectus by the Swedish Financial Supervisory Authority.

The Company and its operations

Introduction

Strömman Turism & Sjöfart AB (publ) is a public limited liability company registered in Sweden with registration number 556051-5818, having its registered address at Svensksundsvägen 17, SE-111 49 Stockholm, Sweden. The Company was formed on 20 November 1947 and registered with the Swedish Companies Registration Office on 13 January 1948. The Company is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*). The trade name of the Group is Strömman.

Share capital, shares, ownership structure and governance

According to its articles of association, the Company's share capital shall be no less than SEK 1,000,000 and not more than SEK 4,000,000 divided into no less than 8,000 shares and not more than 32,000 shares. The Company's current share capital amounts to SEK 1,000,000 divided among 8,000 shares, of which 2,000 shares are of series A and 6,000 shares are of series B. The shares are denominated in SEK.

The Company is a private company wholly-owned by Hans von Rettig's family interests. 25 percent of the shares and 76.9 percent of the votes are registered in the name of Hans von Rettig and 12.2 percent of the shares and 3.76 percent of the votes in the name of Per Christian Rettig & Co AB, a wholly-owned subsidiary of PC Rettig & Co Holding AB which in turn is wholly-owned by Hans von Rettig's family interests. The remaining 62.8 percent of the shares and 19.34 percent of the votes are owned by Larsco AB, a wholly-owned subsidiary of Hamesco AB which in turn is a wholly-owned subsidiary of Per Christian Rettig & Co AB. To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the Company.

Business and operations

The object of the Company's business is to conduct businesses relating to shipping, vessels broking and vessels clearance together with conference, café & restaurant, activities, tourism and sightseeing as well as engaging in activities compatible therewith and to own shares in subsidiaries conducting such business.

The Company has its headquarter located in Stockholm and has today 187 full time employees (including joint ventures). Strömman offers a diversified range of products to customers by providing multiple types of experiences. Tourists, local residents, groups and companies can choose from a carefully selected range of experiences which Strömman divides in four different categories depending on the targeted groups, the customers' needs and the purpose of the experience; See, Discover, Meet and Tourist service. The brand Strömman Kanalbolag has been the purveyor to HM King Carl XVI Gustaf (Sw. *Kunglig hovleverantör*) since 1990. Strömman has established its operations in all Nordic countries, out of which Sweden is the largest market, accounting for approximately 66 percent of the Group's net sales. Denmark is second with approximately 21 percent of the Group's net sales, followed by Norway and Finland with approximately 6 percent of the net sales each.²

Strömman's fleet is comprised of approximately 100 vessels with different functions, the oldest of which dates back to 1868, and approximately 70 buses. Strömman's key selling points to potential customers are (i) most valuable full service experience that creates lifelong memories, (ii) top of the class in comparison with similar experiences, and (iii) unique experience underpinned by a strong tradition of historic and

² The consolidated year-end report of the Company for the period 1 January – 31 December 2015, page 26.

cultural values. According to a commissioned survey made by Strömman in 2015, its Net Promoter Score (NPS) is high and implies that customers in general are highly satisfied with Strömman's services.

The Company is the parent company in the Group. The Group consists of the parent company and its subsidiaries Riddarfjärdens Färjetrafik AB, STRÖMMA Buss AB, Rederi AB Göta Kanal, Destination Stockholm AB, STRÖMMA SeaScape Scandinavia AB, Mäläröarnas Ångfartygs AB, Vaxholms Fästnings Museum AB, Open Top Sightseeing Norway AS, STRÖMMA Danmark A/S, Oy STRÖMMA Finland Ab and Golden Age Holding Bv. The Company hold stakes in the joint venture companies Djurgårdens Färjetrafik AB and GoBoat Stockholm AB. A significant part of the Group's assets and revenues relate to the Company's subsidiaries and associated joint venture companies. Consequently, Strömman is dependent upon its subsidiaries and on joint venture companies which the Group holds a stake in.

Litigation

The Company is currently involved in two legal proceedings of which both have been initiated by the Company. One of the proceedings regards a claim by the Company of the remaining part of the purchase price from the Company's real estate divestment. The Company sued the purchaser in arbitral court. The court resolved that the purchaser should pay the remaining part of the purchase price to the Company. As the Company did not get paid, it sued the purchaser in public court.

The other proceeding regards VAT on the Company's product Stockholm Pass. The Swedish Tax Agency claims that the sale of such products results in additional VAT of 25 percent. The Company on the other hand deems that the product is a multi-functional voucher and a sale of such voucher does not result in any additional VAT. The dispute is up for consideration by the administrative court.

Other than the legal proceedings described above, neither the Company nor any of its subsidiaries have been involved in, or are aware of any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) during the previous twelve months, which may have, or have had in the recent past, significant effects on the Company's and/or the Groups' financial position or profitability.

Material agreements

No Group company is party to any material agreement outside the ordinary course of business which could result in such company having a right or an obligation that could materially affect the Company's ability to meet its obligations to the bondholders.

Credit rating

Neither the Company nor the Bonds have a credit rating from an international credit rating institute.

Significant adverse changes and recent events

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

On 23 May 2016, the Company, through Golden Age Holding B.V., a newly established and wholly-owned subsidiary of the Company, entered into a share purchase agreement regarding the shares in Canal and, indirectly, its subsidiaries. Canal is a Dutch-based producer of experiences mainly focused on sightseeing tours and entertainment tours on and around the Amsterdam canal. Canal provides its wide range of canal experiences through hop-on/hop-off sightseeing boats and busses, dining boats, pedal boats and bicycles. The company was founded in 1984 and has established itself as one of the leading tourist

attractions in Amsterdam. Closing of the acquisition took place on 7 June 2016 whereby the Company, through Golden Age Holding B.V., became the owner of the shares in Canal and, indirectly, its subsidiaries. The full acquisition consideration on a debt-free basis amounts to approximately EUR 59.2 million, comprised of a fixed price of approximately EUR 45.8 million and a potential earn-out of up to approximately EUR 13.4 million. The acquisition will be financed entirely by debt in the form of a new secured bank loan of approximately EUR 8.5 million, the Bond Issue and utilization of the Group's working capital facility in the amount of approximately SEK 29 million.

As a result of the Company's investment in Canal, the exposure against EUR was significantly increased. In order to reduce such exposure, the Company resolved to convert two loans from SEK into EUR.

On 10 June 2016, the Company secured the conversion rate by entering into a forward exchange agreement to purchase EUR 17.8 million for SEK 165.6 million. The agreement expires on 1 August 2016.

Except for the foregoing and the issuance of the Bonds, there have been no recent events particular to the Company which are to a material extent relevant to the evaluation of the Company's solvency.

Shareholders' agreements

As far as the Company is aware, there are no shareholders' agreements or other agreements which could result in a change of control of the Company.

Board of directors, senior management and auditor

The business address for all members of the board of directors and the senior management is: Strömman Turism & Sjöfart AB (publ), Svensksundsvägen 17, SE-111 49 Stockholm, Sweden. The board of directors of the Company currently consists of six members. Information on the members of the board of directors and the senior management, including significant assignments outside the Company which are relevant for the Company, is set forth below.

Board of directors

Hans von Rettig

Born 1960 and of British nationality. Member since 2007 and chairman of the board of directors of the Company since 2013. Current assignments outside the Company include chairman of the board of directors of Rettig Fastighetsutveckling Oy Ab, Per Christian Rettig & Co AB, Investment AB Autopoiesis, Midnight Sun Charter Oy Ab and Midnight Sun Sailing Oy Ab, and board member in Rettig Capital Ab, Rettig Group Ab and Rettig Asset Management Oy Ab.

Anders Eslander

Born 1956 and of Swedish nationality. Member of the board of directors of the Company since 2000. Current assignments outside the Company include chairman of the board of directors of Resia Travel Group AB, Unisport Holding AB and Tour Operators WE Travel Group AB, and board member in Visit Sweden AB, Braathens Aviation AB, Grand Tours AB and Dyreparken Utveckling AS.

Maria Stridh

Born 1958 and of Swedish nationality. Member of the board of directors of the Company since 2006. Current assignments outside the Company include chairman of the board of directors and owner of Glada Ankan Restaurang & Catering AB, board member in Engsholms Slott AB and Pontus Catering AB, and managing director of Mässrestauranger AB, Stadshusrestauranger Stockholm AB and Mässrestauranger i Malmö AB.

Christian Björklöf

Born 1966 and of Finnish nationality. Current assignments outside the Company include chairman of the board of directors of Hemavan Alpint AB, and managing director of Per Christian Rettig & Co AB, Investment AB Autopoiesis, Rettig Fastighetsutveckling Oy Ab and Rettig Asset Management Oy Ab.

Lena Adelsohn Liljeroth

Born in 1955 and of Swedish nationality. Member of the board of directors of the Company since 2016. Current assignments outside the Company include chairman of Postkodlotteriets Idrottsstiftelse and board member in Ersta Diakoni.

Jan Larsén

Born in 1955 and of Swedish nationality. Member of the board of directors of the Company since 1985. Current assignments outside the Company include board member in Almega Tjänsteföretagen, Samfundet St Erik and Föreningen Sveriges Sjöfartsmuseum i Stockholm.

Senior management

Jan Larsén

Jan Larsén is Chief Executive Officer since 1985. Jan Larsén holds a degree from Stockholm School of Economics. See section “*Board of directors*” above for further information.

Claes Stocklassa

Claes Stocklassa is Chief Financial Officer since 2000. Claes Stocklassa holds a degree from Stockholm School of Economics. Claes Stocklassa holds no directorships outside the Group.

Marie Johansson

Marie Johansson is Distribution Director since 2015. Marie Johansson holds a Master of Science in Business Administration at the University of Växjö.

Björn Hamberg

Björn Hamberg is Senior Group Controller since 2010. Björn Hamberg holds a Master of Science in Business Administration at the Umeå School of Business and Economics.

Peter Henricson

Peter Henricson is Business Unit Director since 1993. Peter Henricson holds a degree from IHM Business School.

Mads V. Olesen

Mads V. Olesen is Business Unit Director of the Danish operation since 2011. Mads V. Olesen holds a degree from Handelsskolen i Randers Copenhagen Business School.

Peter Kåla

Peter Kåla is Business Unit Director of the Finish operation since 2013. Peter Kåla holds a Master of Science in Business Administration at Swedish School of Economics.

Vår Grytbakk

Vår Grytbakk is Business Unit Director of the Norwegian operation since 2012. Vår Grytbakk holds a Bachelor of Management at Norwegian Business School.

Auditors

KPMG AB has been the Company’s auditor from April 1996 and onwards (*i.e.* for the period covered by the historical financial information incorporated into this Prospectus by reference). Christer Forsberg has been the auditor-in-charge since April 2007. Christer Forsberg is a member of FAR. The business address to KPMG AB is P.O. Box 161 06, SE-103 23 Stockholm.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company’s auditors.

Conflicts of interests

Other than the fact that the Company is owned by the chairman and board member Hans von Rettig’s family interest, none of the members of the board of directors or the senior management of the Company has a private interest that may be in conflict with the interests of the Company.

Although there are currently no conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the board of directors and members of the senior management have duties, as described above, and the Company.

Financial interests

Other than Hans von Rettig's financial interest in the Company through his, direct and indirect, holdings of shares in the Company, none of the members of the board of directors or the senior management have a financial interest in the Company.

Financial overview of financial reporting and documents incorporated by reference

The accounting principles applied in the preparation of the Company's financial statements presented below are set out in the following.

The financial information for the financial years ending 31 December 2015 has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen*, SFS 1995:1554). The financial information for the financial year ending 31 December 2014 has been prepared in accordance with the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board (Sw. *Bokföringsnämnden*).

Pro forma financial information has, on a voluntary basis, been prepared for illustrative purposes only to provide information about how the Company's acquisition of Canal might have affected the consolidated balance sheet for the Company as of 31 December 2015 and the consolidated income statement for the Company for the year ended 31 December 2015 as if such acquisition had taken place as of 31 December 2015 and 1 January 2015 respectively.

The Company's audited consolidated financial statements for the financial years ended 31 December 2014 and 31 December 2015 have been audited by the Company's auditor and incorporated in this Prospectus by reference, together with the audit report for respective year. The consolidated *pro forma* financial statements for the financial year 2015 have been audited by the Company's auditor as stated in the "Auditor's report on *pro forma* financial information" and are, together with the auditor's report, incorporated by reference in this Prospectus.

In this Prospectus the following documents are incorporated by reference. The documents have been made public and have been handed in to the Swedish Financial Supervisory Authority.

Reference	Document	Page(s)
Financial information regarding the Company and its business for the financial year ended 31 December 2014	Strömman's consolidated annual report for the financial year ended 31 December 2014	<ul style="list-style-type: none"> - 2-3 (Director's Report) - 4 (Consolidated statement of comprehensive income), - 5 (Consolidated statement of financial position) - 7 (Consolidated statement of cash flows) - 8 (Parent Company's statement of comprehensive income) - 9 (Parent Company's balance sheet) - 11 (Parent Company's cash flow statement) - 12-34 (Notes) - 34 (Definitions of Key-Figures)
Auditor's report for the financial year ended 31 December 2014	Strömman's consolidated annual report for the financial year ended 31 December 2014	<ul style="list-style-type: none"> - 36 (Auditor's report)

Financial information regarding the Company and its business for the financial period ended 31 December 2015	Strömma's consolidated annual report for the financial period ended 31 December 2015	<ul style="list-style-type: none"> - 2-5 (Director's Report) - 6 (Consolidated statement of comprehensive income), - 7-8 (Consolidated statement of financial position) - 9 (Consolidated statement of changes in equity) - 10 (Consolidated statement of cash flows) - 11 (Parent Company's statement of comprehensive income) - 12 (Parent Company's balance sheet) - 14 (Parent Company's statement of changes in shareholders' equity) - 15 (Parent Company's cash flow statement) - 16-45 (Notes) - 45 (Definitions of Key-Figures)
Auditor's report for the financial year ended 31 December 2015	Strömma's consolidated annual report for the financial year ended 31 December 2015	<ul style="list-style-type: none"> - 47 (Auditor's report)
<i>Pro forma</i> financial information regarding the Company and its business for the period 1 January 2015 – 31 December 2015	Strömma's consolidated <i>pro forma</i> financial statements for the period 1 January 2015 – 31 December 2015	<ul style="list-style-type: none"> - 1 (Purpose of the <i>pro forma</i> financial information) - 1 (Basis for the <i>pro forma</i> financial information) - 1-3 (<i>Pro forma</i> adjustments) - 4-5 (<i>Pro forma</i> income statement including notes) - 5-7 (<i>Pro forma</i> balance sheet including notes)
Auditor's report on the <i>pro forma</i> financial statements for the period 1 January 2015 – 31 December 2015	Strömma's consolidated <i>pro forma</i> financial statements for the period 1 January 2015 – 31 December 2015	<ul style="list-style-type: none"> - 9-10 (Auditor's report)

The abovementioned annual reports and *pro forma* financial information, together with the pertaining auditor's reports, are available in electronic form on the Company's web page www.stromma.se (<http://www.stromma.se/stockholm/landing-pages/investor-relations/>), and can also be obtained from the Company in paper format in accordance with section "*Documents available for inspection*" below.

Investors should read all information which is incorporated in the Prospectus by reference. Information in the above documents which is not incorporated by reference is either deemed by the Company not to be relevant for investors in the Bonds or is covered elsewhere in the Prospectus.

Documents available for inspection

Copies of the following documents can be obtained from the Company in paper format upon request during the validity period of this Prospectus at the Company's head office.

- The articles of association of the Company
- Strömma's consolidated annual reports for the financial years ended 31 December 2014 and 2015
- Strömma's consolidated *pro forma* financial statements for the period 1 January 2015 – 31 December 2015
- The Company's subsidiaries' audited annual reports for the financial years 2014 and 2015 (where applicable)

Terms and Conditions for the Bonds

**TERMS AND CONDITIONS FOR
STRÖMMA TURISM & SJÖFART AB (PUBL)
MAXIMUM SEK 400,000,000
SENIOR UNSECURED CALLABLE FLOATING RATE
BONDS 2016/2021
ISIN: SE0008322333**

Issue Date: 27 May 2016

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.

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**TERMS AND CONDITIONS FOR
STRÖMMA TURISM & SJÖFART AB (PUBL)
MAXIMUM SEK 400,000,000
SENIOR UNSECURED CALLABLE FLOATING RATE
BONDS 2016/2021
ISIN: SE0008322333**

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

“**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 (i) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than ninety (90) calendar days after the date of supply, or (ii) any other trade credit incurred in the ordinary course of 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 under these Terms and Conditions from time to time; initially Intertrust CN (Sweden) AB (reg. no. 556625-5476, Sveavägen 9, P.O. Box 162 85, SE-103 25, Stockholm, Sweden).

“**Agent Agreement**” means the 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. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

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

“**Calculation Principles**” means:

- (a) that:
 - (i) the calculation of the ratio of Net Total Debt to EBITDA and the ratio of Net Secured Debt to EBITDA shall be made as per a testing date determined by the Issuer, falling no more than two (2) months prior to the payment of the Restricted Payment or the incurrence of the new Financial Indebtedness (including any Subsequent Bond Issue), which requires that the Distribution Test or the Incurrence Test is met (as applicable); and
 - (ii) the Net Total Debt and the Net Secured Debt shall be measured on the relevant testing date so determined, but include the Restricted Payment or the new Financial Indebtedness (as applicable), provided that 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 Total Debt or the Net Secured Debt);
- (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 (including the new Financial Indebtedness *pro forma*) shall be used for the Distribution Test or the Incurrence Test (as applicable), but adjusted so that:
 - (i) any Bond that has been repurchased, and not resold, by any Group Company during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be excluded, *pro forma*, for the entire Relevant Period;
 - (ii) 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; and

- (iii) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, *pro forma*, for the entire Relevant Period.

“Call Option Price” means:

- (a) the Make Whole Price if the call option is exercised before the First Call Date;
- (b) one hundred and three point zero eighty-five (103.085) 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 thirty-six (36) months after the Issue Date;
- (c) one hundred and two point four hundred and sixty-eight (102.468) per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty-six (36) months after the Issue Date up to (but excluding) the date falling forty-two (42) months after the Issue Date;
- (d) one hundred and one point eight hundred and fifty-one (101.851) per cent. of the Nominal Amount if the call option is exercised on or after the date falling forty-two (42) months after the Issue Date up to (but excluding) the date falling forty-eight (48) months after the Issue Date;
- (e) one hundred and one point two hundred and thirty-four (101.234) per cent. of the Nominal Amount if the call option is exercised on or after the date falling forty-eight (48) months after the Issue Date up to (but excluding) the date falling fifty-four (54) months after the Issue Date; or
- (f) one hundred (100.00) per cent. of the Nominal Amount if the call option is exercised on or after the rate falling fifty-four (54) months after the Issue Date up to (but excluding) the Final Redemption Date.

“Change of Control Event” means the occurrence of an event or series of events whereby: one or more Persons (other than the Main Shareholder) acting together, acquire control over the Issuer and where **“control”** means (i) acquiring or controlling, directly or indirectly, more than fifty (50.00) per cent. of the votes of the Issuer, or (ii) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“Compliance Certificate” means a certificate, in form and substance 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 the payment of any Restricted Payment or the incurrence of any new Financial Indebtedness (including any Subsequent Bond Issue), which requires that the Distribution Test or the Incurrence Test is met (as applicable) and including calculations and figures in respect of the ratio of Net Total Debt to EBITDA, the ratio of Net Secured Debt to EBITDA and/or the Interest Coverage Ratio (as applicable) and, (iii) if a clean down of the Working Capital Facility has been completed in accordance with Clause 11.6 (*Clean down*) and including relevant information in respect of such clean down (if applicable).

“Conditions Precedent for Disbursement” means all documents set forth in Clause 12.1.

“**Conditions Subsequent**” means all events and evidence set forth in Clause 13.1.

“**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 (e) of the definition “Permitted Debt” below.

“**Distribution Test**” is met if the ratio of Net Total Debt to EBITDA is not greater than three point twenty-five (3.25) (calculated in accordance with the Calculation Principles).

“**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 exceptional items (including any earn out payments under the share purchase agreement relating to the Investment and any Transaction Costs) which are not in line with the ordinary course of business;
- (d) not including any accrued interest owing to any Group Company;
- (e) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (f) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (g) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;
- (h) 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
- (i) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of Group Companies.

“**Escrow Account**” means the Issuer’s bank account held with the account bank and which has been pledged under the Escrow Account Pledge Agreement.

“**Escrow Account Pledge Agreement**” means the pledge agreement entered into between the Issuer and the Agent before the Issue Date in respect of the 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).

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

“**Final Redemption Date**” means 27 May 2021.

“**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 and/or any unrealised gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis.

“**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 as applicable on the Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability), and for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as finance or capital leases (the “**Operational Lease Freeze**”);
- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (d) any amount raised under any other transaction having the commercial effect of a borrowing (including forward sale or purchase arrangements);
- (e) any derivative transaction 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 Clause 11.10.1 (a)–(b).

“**First Call Date**” means the date falling thirty (30) 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 26.1.

“**Funds Flow Statement**” has the meaning set forth in Clause 12.1 (a).

“**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 17 (*Holders’ Meeting*).

“**Incurrence Test**” is met if:

- (a) the ratio of Net Total Debt to EBITDA is not greater than:
 - (i) four point twenty-five (4.25) during the period from (and including) the Issue Date up to (and including) 31 March 2018;
 - (ii) three point seventy-five (3.75) during the period from (and including) 1 April 2018 up to (and including) 31 March 2020; or
 - (iii) three point twenty-five (3.25) during the period from (and including) 1 April 2020 up to (and including) the Final Redemption Date;
- (b) the ratio of Net Secured Debt to EBITDA is not greater than:
 - (i) two point five (2.50) during the period from (and including) the Issue Date up to (and including) 31 March 2018;
 - (ii) two point twenty-five (2.25) during the period from (and including) 1 April 2018 up to (and including) 31 March 2020; or
 - (iii) two point zero (2.00) during the period from (and including) 1 April 2020 up to (and including) the Final Redemption Date;
- (c) the Interest Coverage Ratio exceeds:
 - (i) three point zero (3.00) during the period from (and including) the Issue Date up to (and including) 31 March 2018;
 - (ii) three point twenty-five (3.25) during the period from (and including) 1 April 2018 up to (and including) 31 March 2020; or
 - (iii) three point five (3.50) during the period from (and including) 1 April 2020 up to (and including) the Final Redemption Date;

in each case, calculated in accordance with the Calculation Principles.

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

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

“**Interest**” means the interest on the Bonds calculated in accordance with Clauses 9.1–9.3.

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

“**Interest Payment Date**” means 27 February, 27 May, 27 August and 27 November 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 27 August 2016 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 STIBOR (3 months) + 590 basis points per annum.

“**Issue Date**” means 27 May 2016.

“**Issuer**” means Strömma Turism & Sjöfart AB (publ) (reg. no. 556051-5818, Svensksundsvägen 17, SE-111 49 Stockholm, Sweden).

“**Issuing Agent**” means Carnegie Investment Bank AB (publ) (reg. no. 516406-0138, SE-103 38, Stockholm, Sweden), or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Investment**” means the contemplated acquisition of at least ninety-nine (99) per cent. of the shares (and votes) of Canal Bike B.V. (reg. no. 3418.4567, PO. Box 75786, 1070 AT Amsterdam, The Netherlands) (the “**Target**”).

“**Investment Failure Event**” means a situation where (i) closing of the Investment, whereby the shares in the Target have been transferred from the seller(s) to the purchasing wholly-owned Group Company and such wholly-owned Group Company has been entered into the share register of the Target as owner of the shares, has not taken place before 25 August 2016 or (ii), if earlier, the Investment is terminated by the Issuer or the seller(s) of the Target.

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

“**Main Shareholder**” means:

- (a) Hans von Rettig, personal coordination no. (Sw. *samordningsnummer*) 600486-9530, his wife, or any of his direct heirs;
- (b) any trust, foundation or similar legal entity where one or more person under item (a) is a beneficiary or a board member; or

(c) an Affiliate under paragraph (a).

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

- (a) the present value on the relevant Record Date of one hundred and three point zero eighty-five (103.085) 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 Record Date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Holders);

both present values under items (a) and (b) above calculated by using a discount rate of fifty (50) basis points over the comparable Swedish 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 papers, 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 a Regulated Market or recognised unregulated market place.

“**Material Adverse Effect**” means a material adverse effect on (i) the business, financial condition or operations of the Group taken as a whole, (ii) the Issuer’s ability or willingness to perform and comply with its payment and other undertakings under these Terms and Conditions or (iii) the validity or enforceability of these Terms and Conditions.

“**Material Group Company**” means the Issuer or a Subsidiary representing more than ten (10.00) 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 net profit of the Group according to the latest consolidated Financial Report.

“**Nasdaq Stockholm**” means the Regulated Market of NASDAQ OMX Stockholm AB (reg. no. 556420-8394, SE-105 78 Stockholm, Sweden).

“**Net Finance Charges**” means, for the Relevant Period, the Finance Charges according to the latest consolidated Financial Report, after deducting any interest payable for the relevant period to any Group Company and any interest income relating to cash and cash equivalents investments of the Group.

“**Net Proceeds**” means the proceeds from the Initial Bond Issue or any Subsequent Bond Issue which, after deduction has been made for the transaction costs payable by the Issuer to the Issuing Agent and sole bookrunner for the services provided in relation to the placement and issuance of the Bonds, shall be transferred and/or used in accordance with Clause 4 (*Use of proceeds*).

“**Net Secured Debt**” means the aggregate secured interest bearing debt incurred by a Group Company from time to time, for the avoidance of doubt including the Senior Debt, any

Working Capital Facility (where the Working Capital Facility shall be calculated as the Working Capital Facility Twelve (12) Months Average) and any financial leases incurred in the ordinary course of the Group's business, less cash and cash equivalents of the Group per the relevant testing date, in accordance with the Accounting Principles, adjusted in accordance with the Operational Lease Freeze.

“**Net Total Debt**” means the aggregate interest bearing debt (excluding any interest bearing debt borrowed from any Group Company) (where the Working Capital Facility shall be calculated as the Working Capital Facility Twelve (12) Months Average) less cash and cash equivalents of the Group per the relevant testing date, in accordance with the Accounting Principles, adjusted in accordance with the Operational Lease Freeze.

“**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.

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

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

- (a) incurred under the Bonds (including pursuant to any Subsequent Bond Issue, if such incurrence meets the Incurrence Test (calculated *pro forma* including such issue));
- (b) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD), for the purpose of securing, *inter alia*, the redemption of the Bonds;
- (c) 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;
- (d) taken up from a Group Company;
- (e) 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**”);
- (f) incurred in the ordinary course of business under Advance Purchase Agreements;
- (g) constituting Senior Debt;
- (h) incurred by any Group Company if such Financial Indebtedness (i) constitutes Net Secured Debt and (ii) meets the Incurrence Test (calculated *pro forma* including such incurrence);

- (i) incurred by the Issuer if such Financial Indebtedness (i) is unsecured and rank *pari passu* or is subordinated in all matters to the obligations of the Issuer under the Bonds, (ii) has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date and (iii) meets the Incurrence Test (calculated *pro forma* including such incurrence);
- (j) incurred under any Working Capital Facility within the Working Capital Facility Cap; and
- (k) not permitted by items (a)–(j) above, in an aggregate amount not at any time exceeding SEK twenty million (20,000,000) and incurred in the ordinary course of the Group’s business (all such Financial Indebtedness is together referred to as the “**Permitted Basket**”).

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

- (a) provided in connection with a redemption of the Bonds in full and constituting a first priority pledge over a bank account in the name of the Issuer for the purpose of securing, *inter alia*, the redemption of the Bonds;
- (b) provided in relation to any agreement under which a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises provided that such lease constitutes Permitted Debt;
- (c) provided in relation to a Derivative Transaction and not consisting of security interests in shares in any Group Company;
- (d) arising by operation of law or in the ordinary course of business, including without limitation (i) obligations under any counter-indemnity undertaking in relation to guarantees issued pursuant to a guarantee arrangement with any entity providing guarantee arrangements for the provision of travel guarantees (Sw. *resegarantier*), (ii) set-off under standard terms for bank accounts, (iii) collateral or retention of title arrangements in connection with Advance Purchase Agreements, (vi) security for reimbursement obligations under bank guarantees and letters of credit and (v) deposits made in respect of tenders and bids or governmental contracts or to secure obligations to utility providers, but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (e) provided in relation to Financial Indebtedness constituting Permitted Debt in accordance with item (h) of the definition Permitted Debt;
- (f) provided in relation to the Senior Debt or a Working Capital Facility (subject to the Working Capital Facility Cap); and
- (g) provided in relation to 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.

“**Quotation Day**” means, in relation to (i) an Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or in respect of the first Interest Period, two (2) Business Days before the Issue Date), or (ii) any other period for which an interest rate is to be determined, two (2) Business Days before the first day of that period (*i.e.*, the day that period commences, even if no interest accrues on such day).

“**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 15 (*Distribution of proceeds*) or (iv) 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 in accordance with Clause 10 (*Redemption 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 twelve (12) consecutive calendar months.

“**Restricted Payment**” has the meaning set forth in Clause 11.1 (*Distributions*).

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

“**SEK**” means the lawful currency of Sweden.

“**Senior Debt**” means any term loans and revolving facilities taken up by the Issuer from Danske Bank AS, Danmark, Sverige Filial (or any other reputable commercial bank acceptable to the Agent if taken up by the Issuer on the same terms or better compared to the terms provided by Danske Bank AS, Danmark, Sverige Filial, as of the Issue Date), in an aggregate amount of SEK two hundred and eighty-eight million (288,000,000), less any amount by which such debt has been repaid by the Issuer after the Issue Date.

“**STIBOR**” means:

- (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in SEK and for a period comparable to the relevant Interest Period; or
- (b) if no 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 leading banks in the Stockholm interbank market reasonably

selected by the Issuing Agent, for deposits of SEK one hundred million (100,000,000) 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 SEK offered in the Stockholm interbank market for the relevant period; and

if any such rate is below zero (0), STIBOR will be deemed to be zero (0).

“**Subsequent Bond Issue**” has the meaning set forth in Clause 2.2.

“**Subsequent Bonds**” means any Bonds 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, (i) owns shares or ownership rights representing more than fifty (50.00) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50.00) per cent. of the total number of votes held by the owners, (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body or (iv) exercises control as determined in accordance with the Accounting Principles.

“**Swedish Government Bond Rate**” means the yield to maturity at the time of computation of direct obligations of Sweden, acting through the Swedish National Debt Office (a Swedish Government Bond; Sw. *statsobligation*) with a constant maturity (such yield to be the weekly average yield as officially compiled and published in the most recent financial statistics that has become publicly available at least two (2) Business Days (but not more than five Business Days) prior to the relevant Record Date for 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 Redemption Date to the First Call Date; provided, however, that if the period from the Redemption Date to the First Call Date is not equal to the constant maturity of a direct obligation of Sweden, acting through the Swedish National Debt Office for which a weekly average yield is given, the Swedish Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth (1/12) of a year) from the weekly average yields of direct obligations of Sweden, acting through the Swedish National Debt Office, for which such yields are given, except that if the period from such Redemption Date to the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of Sweden, acting through the Swedish National Debt Office, adjusted to a constant maturity of one year shall be used.

“**Target**” has the meaning set forth in the definition “Investment” above.

“**Transaction Costs**” means all fees, costs and expenses incurred by a Group Company in connection with (i) the Initial Bond Issue or a Subsequent Bond Issue and (ii) the listing of the Bonds (including additional Bonds) on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market).

“**Working Capital Facility**” means one or more credit facilities for working capital purposes, in an aggregate amount not at any time exceeding the higher of (i) SEK one hundred and thirty-five million (135,000,000) and (ii) an amount corresponding to seventy-five (75.00) per cent. of EBITDA for the Relevant Period ending on the last day of the most recent financial year, provided in both cases that such amount shall be reduced by an amount corresponding to the aggregate outstanding amount of the Permitted Basket as per the relevant testing date (the “**Working Capital Facility Cap**”).

“**Working Capital Facility Cap**” has the meaning set forth in the definition “Working Capital Facility” above.

“**Working Capital Facility Twelve (12) Months Average**” means the sum of the outstanding withdrawn amount under the Working Capital Facility at the end of each week during the Relevant Period ending on the relevant testing date, divided by fifty-two (52).

“**Written Procedure**” means the written or electronic procedure for decision making among the Holders in accordance with Clause 18 (*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) a provision of law is a reference to that provision as amended or re-enacted; and
- (e) a time of day is a reference to Stockholm time.

1.2.2 An Event of Default is continuing if it has not been remedied or waived.

1.2.3 When ascertaining whether a limit or threshold specified in SEK has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.

1.2.4 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.

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

2. 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 SEK four hundred million (400,000,000) which will be represented by Bonds, each of a nominal amount of SEK one million (1,000,000) or full multiples thereof (the “**Nominal Amount**”). The total nominal amount of the Initial Bonds is SEK three hundred million (300,000,000) (“**Initial Bond Issue**”). All Initial Bonds are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Nominal Amount. The ISIN for the Bonds is SE0008322333. The minimum permissible investment in connection with the Initial Bond Issue is SEK one million (1,000,000).
- 2.2 The Issuer may at one or more occasions after the Issue Date issue Subsequent Bonds under these Terms and Conditions (each such issue, a “**Subsequent Bond Issue**”), until the total amount under such Subsequent Bond Issue(s) and the Initial Bond Issue equals SEK four hundred (400,000,000), always provided that the Incurrence Test (calculated *pro forma* including such issue) is met. Any Subsequent Bonds shall be issued subject to the same Terms and Conditions as the Initial Bonds. The price of Subsequent Bonds may be set at a discount or at a higher price than the Nominal Amount.
- 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 SEK 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 these Terms and Conditions and by acquiring Bonds each subsequent Holder confirms these Terms and Conditions.

3. STATUS OF THE BONDS

The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among them.

4. USE OF PROCEEDS

- 4.1 The Issuer shall establish the Escrow Account prior to the Issue Date. On the Issue Date, the Issuing Agent shall transfer the Net Proceeds from the Initial Bond Issue to the Escrow Account. For the purpose of securing that the Conditions Precedent for Disbursement have been fulfilled before any disbursement of such Net Proceeds is made, the Escrow Account will be 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 have been fulfilled.
- 4.2 When the Conditions Precedent for Disbursement have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall instruct the account bank to make the relevant transfer from the Escrow Account, as set forth in Clause 12 (*Conditions Precedent for Disbursement*). The Net Proceeds from the Initial Bond Issue shall then be used for part

financing of the Investment. Any remaining Net Proceeds from the Initial Bond Issue shall be used for general corporate purposes of the Group.

- 4.3 The Net Proceeds from any Subsequent Bond Issue shall be used for general corporate purposes of the Group.

5. THE BONDS AND TRANSFERABILITY

- 5.1 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.

- 5.2 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.

- 5.3 Upon a transfer of Bonds, any rights and obligations under these Terms and Conditions relating to such Bonds are automatically transferred to the transferee.

- 5.4 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.

- 5.5 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.

6. BONDS IN BOOK-ENTRY FORM

- 6.1 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.

- 6.2 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.

- 6.3 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.

- 6.4 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 these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.

- 6.5 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.
- 6.6 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.
- 6.7 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 6.3 only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions and shall not disclose such information to any Holder or third party unless necessary for such purposes.

7. RIGHT TO ACT ON BEHALF OF A HOLDER

- 7.1 If any Person other than a Holder wishes to exercise any rights under these Terms and Conditions, 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.
- 7.2 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 these Terms and Conditions in relation to the Bonds for which such representative is entitled to represent the Holder.
- 7.3 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 7.1 and 7.2 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.

8. PAYMENTS IN RESPECT OF THE BONDS

- 8.1 Any payment or repayment under these Terms and Conditions, 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.
- 8.2 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.

- 8.3 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 9.4 during such postponement.
- 8.4 If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a Person not entitled to receive such amount.
- 8.5 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.

9. INTEREST

- 9.1 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.
- 9.2 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.
- 9.3 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 three hundred and sixty (360) (actual/360-days basis).
- 9.4 If the Issuer fails to pay any amount payable by it under these Terms and Conditions on its due date, default interest shall accrue on the overdue amount from, but excluding, the due date up to and including the date of actual payment at a rate which is two hundred (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.

10. REDEMPTION AND REPURCHASE OF THE BONDS

10.1 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 and if permitted under the CSD's applicable regulations, on the Business Day following from an application of the Business

Day Convention, and otherwise on the first following Business Day) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

10.2 **The Group Companies' purchase of Bonds**

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

10.3 **Early voluntary redemption by the Issuer (call option)**

10.3.1 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day before the Final Redemption Date at the applicable Call Option Price together with accrued but unpaid Interest.

10.3.2 Redemption in accordance with Clause 10.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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

10.4.1 Upon a Change of Control Event or a Listing Failure occurring, each Holder shall have the right to request that all, but not only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to one hundred and one (101.00) per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of fifteen (15) calendar days following receipt of a notice from the Issuer of the relevant event pursuant to Clause 11.10.1 (e). The fifteen (15) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event or the Listing Failure.

10.4.2 The notice from the Issuer pursuant to Clause 11.10.1 (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 11.10.1 (e). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 10.4.1.

10.4.3 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 10.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 10.4 by virtue of the conflict.

10.4.4 Any Bonds repurchased by the Issuer pursuant to this Clause 10.4 may at the Issuer's discretion be disposed of in accordance with Clause 10.2 (*The Group Companies' purchase of Bonds*).

10.5 **Mandatory redemption due to an Investment Failure Event**

10.5.1 Upon an Investment Failure Event occurring, the Issuer shall redeem all Bonds at a price equal to one hundred and one (101.00) per cent. of the Nominal Amount together with accrued but unpaid interest.

10.5.2 Redemption in accordance with Clause 10.5.1 shall be executed on the first Interest Payment Date (taking into account the rules and regulations of the CSD) falling after the occurrence of the Investment Failure Event and be made by the Issuer giving not less than ten (10) Business Days' notice to the Holders and the Agent. Any such notice shall state the relevant Interest Payment Date on which the redemption shall be made and the relevant Record Date.

11. **SPECIAL UNDERTAKINGS**

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 11.

11.1 **Distributions**

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 distributions or transfers of value (Sw. *värdeöverföringar*) (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 a Group Company and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis;
- (b) the Issuer, provided that an amount equivalent to the amount of such Restricted Payment, is in immediate connection with the payment of the Restricted Payment, contributed to the Issuer in cash in the form of a shareholder's contribution (Sw. *aktieägartillskott*); or
- (c) the Issuer, provided that (i) the Distribution Test (calculated on a *pro forma* basis including the relevant Restricted Payment) is met and (ii) the aggregate amount of all Restricted Payments of the Group in a financial year (including the Restricted Payment in question but excluding any Restricted Payment made in accordance with items (a) and (b) above) does not exceed fifty (50.00) per cent. of the Group's consolidated net profit (Sw. *årets resultat*) according to the annual audited financial statements for the previous financial year (and without accumulation of profits from previous financial years).

11.2 **Listing of Bonds**

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

11.3 **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.

11.4 **Financial indebtedness**

The Issuer shall not, and shall procure that no other Group Company will, incur any new Financial Indebtedness, or maintain or prolong any existing Financial Indebtedness, provided however that the Group Companies have a right to incur, maintain and prolong Financial Indebtedness which constitute Permitted Debt.

11.5 **Negative pledge**

The Issuer shall not, and shall procure that no other Group Company will, create or allow to subsist, retain, provide, prolong or renew any guarantee or security over any of its/their assets (present or future), provided however that the Group Companies have a right to create or allow to subsist, retain, provide, prolong and renew any Permitted Security.

11.6 **Clean down**

The Issuer shall procure that during each calendar year, there shall be a period of five (5) consecutive days during which the amount outstanding under the Working Capital Facility is zero (0). Not less than six (6) months shall elapse between two such periods.

11.7 **Disposals of assets**

The Issuer shall not, and shall procure that none of the Subsidiaries, 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 (taken as a whole also taking into account any transaction ancillary or related thereto) is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. The Issuer shall notify the Agent of any such transaction in accordance with Clause 11.10.2.

11.8 **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 when such shareholder is another Group Company) and/or any Affiliates of such direct and indirect shareholders at arm's length terms.

11.9 **Compliance with laws etcetera**

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

11.10 **Financial reporting etcetera**

11.10.1 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 four (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 (for the first time in connection with the Financial Report relating to the financial period ending on 30 June 2016), including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than two (2) months after the expiry of each relevant interim period;
- (c) issue a Compliance Certificate to the Agent (i) when a Financial Report is made available, (ii) in connection with the payment of any Restricted Payment or the incurrence of any new Financial Indebtedness (including any Subsequent Bond Issue), which requires that the Distribution Test or the Incurrence Test is met (as applicable) and (iii) at the Agent's request, within twenty (20) calendar days from such request;
- (d) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website;
- (e) promptly notify the Agent (and, as regards a Change of Control Event or a Listing Failure, the Holders) upon becoming aware of the occurrence of a Change of Control Event, a Listing Failure, an Investment Failure 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; and

- (f) prepare the Financial Reports in accordance with the Accounting Principles and make them available in accordance with the rules and regulations of Nasdaq Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and the Swedish Securities Market Act (Sw. *lag (2007:528) om värdepappersmarknaden*) (as amended from time to time).

11.10.2 The Issuer shall notify the Agent of any transaction referred to in Clause 11.7 (*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 at fair market value and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out fair market value and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (ii) above.

11.11 **Agent Agreement**

11.11.1 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.

11.11.2 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.

11.12 **CSD related undertakings**

The Issuer shall keep the Bonds affiliated with a CSD and comply with all CSD regulations applicable to the Issuer from time to time.

12. **CONDITIONS PRECEDENT FOR DISBURSEMENT**

12.1 The Agent's approval of the disbursements 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 funds flow statement evidencing that the amounts to be released from the Escrow Account shall be either (i) transferred to the bank account specified by the Issuer and used toward payment of the purchase price under the share purchase agreement relating to the Investment or (ii) transferred to the Issuer's bank account in SEK registered with the CSD and used towards redemption of the Bonds in connection with an Investment Failure Event occurring (as applicable) ("**Funds Flow Statement**"); and
- (b) copy of duly executed share purchase agreement relating to the Investment and a confirmation from the Issuer that all measures will be taken to close the Investment, upon which the shares in the Target shall be transferred from the seller(s) to the purchasing wholly-owned Group Company and such wholly-owned Group Company shall be entered into the share register of the Target as owner of the shares; or
- (c) copy of a duly executed and issued unconditional and irrevocable redemption notice for the redemption of the Bonds in connection with an Investment Failure Event occurring, such redemption to take place in connection with the disbursement from the Escrow Account (however, with due regard to the payment mechanisms of the CSD) (as applicable).

12.2 When the Conditions Precedent for Disbursement set out in either items (a) (i) and (b) or items (a) (ii) and (c) above (as applicable) have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall instruct the account bank to make the transfers set out in the relevant Funds Flow Statement received by the Agent under item (a) above.

12.3 The Agent may assume that the documents presented under Clause 12.1 are correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such documents.

13. CONDITIONS SUBSEQUENT

13.1 The Issuer shall provide evidence to the Agent, in form and substance satisfactory to the Agent (acting reasonably), showing that the shares in the Target have been transferred from the seller(s) to the purchasing wholly-owned Group Company and such wholly-owned Group Company has been entered into the share register of the Target as owner of the shares, such evidence to be provided as soon as possible and no later than five (5) Business Days after the disbursements from the Escrow Account for the purpose of financing the Investment in part have been made.

13.2 When the above Conditions Subsequent have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall release the pledge over the Escrow Account.

14. TERMINATION OF THE BONDS

14.1 The Agent is entitled to, and shall following a demand in writing from a Holder (or Holders) representing at least fifty (50.00) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Holder on the second Business Day

following the day on which the demand is received by the Agent and shall, if made by several Holders, be made by them jointly) or following an instruction or decision pursuant to Clause 14.1.5 or 14.1.6, on behalf of the Holders, 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 twenty (20) Business Days from the date on which the Agent made such declaration), if:

- (a) **Non-payment:** The Issuer fails to pay an amount on the date it is due in accordance with these Terms and Conditions unless its failure to pay is due to technical or administrative error and is remedied within five (5) Business Days of the due date;
- (b) **Conditions subsequent:** The Issuer has not provided the Agent with evidence, in form and substance satisfactory to the Agent (acting reasonably), showing that the Conditions Subsequent have been fulfilled not later than at the time set out in Clause 13.1;
- (c) **Other obligations:** The Issuer does not comply with these Terms and Conditions in any other way than as set out under item (a) above, unless the non-compliance (i) is capable of being remedied and (ii) is remedied within fifteen (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 a Group Company is not paid when due nor within any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described);
 - (ii) any security interest securing Financial Indebtedness over any asset of any Material Group Company is enforced;
- (e) 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 SEK ten million (10,000,000) and provided that it does not apply to any Financial Indebtedness owed to a Group Company;
- (f) **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;

- (g) **Insolvency proceedings:** Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within thirty (30) calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to 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;
- (h) **Mergers and demergers:**
- (i) A decision is made that any Material Group Company shall be merged or demerged into a company which is not a Group Company, unless the Agent has given its consent (not to be unreasonably withheld or delayed) in writing prior to the decision of the merger and/or demerger, provided however that such consent shall only be given if an accountant or other external expert, engaged in accordance with Clause 20.2.7, has assured that the merger or demerger (as applicable) will not have a Material Adverse Effect (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) the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity;
- (i) **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 SEK ten million (10,000,000) and is not discharged within thirty (30) calendar days;
- (j) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of these Terms and Conditions or if the obligations under these Terms and Conditions are not, or cease to be, legal, valid, binding and enforceable; or
- (k) **Continuation of the business:** The Issuer or any other Material Group Company ceases to carry on its business, except if due to (i) a permitted merger or demerger as stipulated in Clause 14.1 (h) (*Mergers and demergers*) or (ii) a permitted disposal as stipulated in Clause 11.7 (*Disposals of assets*).

14.1.1 The Agent may not terminate the Bonds in accordance with Clause 14.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, in accordance

with these Terms and Conditions, to waive such Event of Default (temporarily or permanently). However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned under Clause 14.1 (f).

- 14.1.2 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 14.1.3 The Issuer is obliged to inform the Agent immediately if any circumstance of the type specified in Clause 14.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Clause 14.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 14.1 and provide the Agent with all documents that may be of significance for the application of this Clause 12.
- 14.1.4 The Issuer is only obliged to inform the Agent according to Clause 14.1.3 if informing the Agent would not conflict with any statute or the Issuer's registration contract with Nasdaq Stockholm (or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with Nasdaq Stockholm (or any other Regulated Market, as applicable) or otherwise, the Issuer shall however be obliged to either seek the approval from Nasdaq 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 14.1.3.
- 14.1.5 If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 14.1, the Agent shall (i) notify, within five (5) Business Days of the day of notification or determination, the Holders of the default and (ii) decide, within twenty (20) Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 16 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 14.1.6 If the Holders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 16 (*Decisions by Holders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss

or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.

- 14.1.7 If the Bonds are declared due and payable in accordance with the provisions in this Clause 12, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 14.1.8 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 12 without relevant decision by the Agent or following instructions from the Holders' pursuant to Clause 16 (*Decisions by Holders*).
- 14.1.9 If the Bonds are declared due and payable in accordance with this Clause 12, the Issuer shall redeem all Bonds with an amount per Bond equal to the applicable Call Option Price together with accrued but unpaid interest.

15. DISTRIBUTION OF PROCEEDS

- 15.1 If the Bonds have been declared due and payable in accordance with Clause 12 (*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 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 these Terms and Conditions.

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

- 15.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 15.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 15.1.
- 15.3 Funds that the Agent receives (directly or indirectly) in connection with the termination of the Bonds constitute escrow funds (*Sw. redovisningsmedel*) according to the Escrow Funds Act (*Sw. lag (1944:181) om redovisningsmedel*) 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 15 as soon as reasonably practicable.

- 15.4 If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Holders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 8.1 shall apply.

16. DECISIONS BY HOLDERS

- 16.1 A request by the Agent for a decision by the Holders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.

- 16.2 Any request from the Issuer or a Holder (or Holders) representing at least ten (10.00) 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 these Terms and Conditions shall be directed to the Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.

- 16.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if (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.

- 16.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 7 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:

(a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or

(b) on the Business Day specified in the communication pursuant to Clause 18.3, in respect of a Written Procedure,

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

- 16.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3:
- (a) waive a breach of or amend an undertaking set out in Clause 11 (*Special undertakings*);
 - (b) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
 - (c) amend any payment day for principal or Interest or waive any breach of a payment undertaking; or
 - (d) amend the provisions in this Clause 16.5.
- 16.6 Any matter not covered by Clause 16.5 shall require the consent of Holders representing more than fifty (50.00) per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3. This includes, but is not limited to, any amendment to or waiver of these Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to Clause 19.1 (a), (b) or (c)) or a termination of the Bonds.
- 16.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Agent in a Written Procedure, will prevail. The chairman at a Holders' Meeting shall be appointed by the Holders in accordance with Clause 16.6.
- 16.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least twenty (20.00) per cent. of the Adjusted Nominal Amount:
- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (b) if in respect of a Written Procedure, reply to the request.
- 16.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 17.1) or initiate a second Written Procedure (in accordance with Clause 18.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 16.8 shall not apply to such second Holders' Meeting or Written Procedure.
- 16.10 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under these Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 16.11 A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.

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

17. HOLDERS' MEETING

- 17.1 The Agent shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons). If the Holders' Meeting has been requested by the Holder(s), the Agent shall send a copy of the notice to the Issuer.
- 17.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 17.1 with a copy to the Agent. After a request from the Holders pursuant to Clause 20.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 17.1.
- 17.3 The notice pursuant to Clause 17.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Holders) and (iv) a form of power of attorney. Only matters that have been included in the notice may

be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.

- 17.4 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 17.5 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.
- 17.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.
- 17.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

18. WRITTEN PROCEDURE

- 18.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Agent shall send a copy of the communication to the Issuer.
- 18.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18.1 to each Holder with a copy to the Agent.
- 18.3 A communication pursuant to Clause 18.1 shall include (i) each request for a decision by the Holders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 18.1), (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to

Clause 18.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

18.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.

18.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clause 16.5 and 16.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.5 or 16.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

19. AMENDMENTS AND WAIVERS

19.1 The Issuer and the Agent (acting on behalf of the Holders) may agree to amend these Terms and Conditions or waive any provision in these Terms and Conditions, provided that:

- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
- (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
- (c) such amendment or waiver is necessary for the purpose of listing the Bonds on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) provided such amendment or waiver does not materially adversely affect the rights of the Holders; or
- (d) such amendment or waiver has been duly approved by the Holders in accordance with Clause 16 (*Decisions by Holders*).

19.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to these Terms and Conditions. It is sufficient if such consent approves the substance of the amendment or waiver.

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

19.4 An amendment or waiver to these Terms and Conditions shall take effect on the date determined by the Holders' Meeting, in the Written Procedure or by the Agent, as the case may be.

20. APPOINTMENT AND REPLACEMENT OF THE AGENT

20.1 Appointment of Agent

20.1.1 By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent in all matters relating to the Bonds and these Terms and Conditions, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Holder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.

20.1.2 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 these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request.

20.1.3 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 these Terms and Conditions.

20.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in these Terms and Conditions and the Agent Agreement, and the Agent's obligations as agent under these Terms and Conditions are conditioned upon the due payment of such fees and indemnifications.

20.1.5 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.

20.2 Duties of the Agent

20.2.1 The Agent shall represent the Holders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution or enforceability of these Terms and Conditions. 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.

20.2.2 Upon request by a Holder, the Agent shall promptly distribute to the Holders any information from such Holder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Holder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.

20.2.3 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under these

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

- 20.2.4 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 these Terms and Conditions.
- 20.2.5 The Agent shall treat all Holders equally and, when acting pursuant to these Terms and Conditions, 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 these Terms and Conditions and the Agent Agreement.
- 20.2.6 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.
- 20.2.7 The Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. 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 these Terms and Conditions or (iii) when the Agent is to make a determination under these Terms and Conditions. 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 these Terms and Conditions shall be distributed in accordance with Clause 15 (*Distribution of proceeds*).
- 20.2.8 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under these Terms and Conditions.
- 20.2.9 Notwithstanding any other provision of these Terms and Conditions 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.
- 20.2.10 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.
- 20.2.11 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement, or (ii) if it refrains from acting for any reason described in Clause 20.2.10.

20.3 **Limited liability for the Agent**

- 20.3.1 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 these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 20.3.2 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.
- 20.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions 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.
- 20.3.4 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 16 (*Decisions by Holders*).
- 20.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Holders under these Terms and Conditions.

20.4 **Replacement of the Agent**

- 20.4.1 Subject to Clause 20.4.6, 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.
- 20.4.2 Subject to Clause 20.4.6, if the Agent is insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 20.4.3 A Holder (or Holders) representing at least ten (10.00) 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.
- 20.4.4 If the Holders have not appointed a successor Agent within ninety (90) calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place

or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

- 20.4.5 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 these Terms and Conditions.
- 20.4.6 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.
- 20.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions 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 these Terms and Conditions as they would have had if such successor had been the original Agent.
- 20.4.8 In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions and the Agent Agreement. 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.

21. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

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

22. APPOINTMENT AND REPLACEMENT OF THE CSD

- 22.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 22.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a

negative effect on any Holder or the listing of the Bonds listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market). The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).

23. NO DIRECT ACTIONS BY HOLDERS

- 23.1 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 these Terms and Conditions, 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 these Terms and Conditions. Such steps may only be taken by the Agent.
- 23.2 Clause 23.1 shall not apply if the Agent has been instructed by the Holders in accordance with these Terms and Conditions to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 20.1.2), 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 these Terms and Conditions or the Agent Agreement or by any reason described in Clause 20.2.10, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2.11 before a Holder may take any action referred to in Clause 23.1.
- 23.3 The provisions of Clause 23.1 shall not in any way limit an individual Holder's right to claim and enforce payments which are due to it under Clause 10.4 (*Mandatory repurchase due to a Change of Control Event or Listing Failure (put option)*) or other payments which are due by the Issuer to some but not all Holders.

24. TIME-BAR

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

25. NOTICES AND PRESS RELEASES

25.1 Notices

25.1.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:

- (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.

25.1.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 25.1.1.

25.1.3 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.

25.2 Press releases

25.2.1 Any notice that the Issuer or the Agent shall send to the Holders pursuant to Clauses 10.3–10.5 11.10.1 (e), 14.1.5, 15.4, 16.16, 17.1, 18.1, 19.3, 20.2.11 and 20.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.

25.2.2 In addition to Clause 25.2.1, 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.

26. FORCE MAJEURE AND LIMITATION OF LIABILITY

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

27. LISTING

The Issuer intends to list the Bonds within thirty (30) calendar days, and has undertaken to list the Bonds within twelve (12) months, after the Issue Date on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market) in accordance with Clause 11.2 (*Listing of the Bonds*). Further, if the Bonds have not been listed on the corporate bond list of Nasdaq Stockholm within sixty (60) calendar days after the Issue Date, each Holder has a right of repayment (put option) of its Bonds in accordance with Clause 10.4 (*Mandatory repurchase due to a Change of Control Event or Listing Failure (put option)*).

28. GOVERNING LAW AND JURISDICTION

- 28.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 28.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 28.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 28.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.
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