

FRONTMATEC

Frontmatec Group ApS

EUR 175,000,000

Senior Secured Floating Rate Bonds 2019/2024

ISIN DK0030452263

This prospectus (the “**Prospectus**”) has been prepared by Frontmatec Group ApS (the “**Issuer**”) for the admittance to official listing and trading of the Senior Secured Floating Rate Bonds due 10 October 2024 issued by the Issuer on 10 October 2019 (the “**Bonds**” as further defined in the terms and conditions of the Bonds, see “*Terms and Conditions of the Bonds*”) on Nasdaq Copenhagen A/S’ regulated market. An application has been made for the admission of the Bonds to trading and official listing on the regulated market of Nasdaq Copenhagen A/S.

This Prospectus has been approved as a prospectus by the Danish Financial Supervisory Authority, as competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The Danish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

The distribution of this Prospectus and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restriction.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) or any U.S. State securities laws, and may not be offered or sold within the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer to subscribe for or purchase, any Bonds.

Amounts payable on the Bonds will be calculated by reference to EURIBOR (as defined in the terms and conditions of the Bonds, see “*Terms and Conditions of the Bonds*”). As at the date of this Prospectus, the administrator of EURIBOR is included in the European Securities and Markets Authority’s register of administrators under Article 36 of Regulation (EU) No. 2016/1011.

This Prospectus is governed by Danish law and is subject to the jurisdiction of the Copenhagen City Court.

Investing in the Bonds involves certain risks. For a discussion of these risks, see “*Risk Factors*”.

The date of this Prospectus is 30 April 2020

IMPORTANT INFORMATION

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”), and shall be construed on the basis that those documents are incorporated and form part of this Prospectus. Other than in relation to the documents which are deemed incorporated by reference (see “*Documents Incorporated by Reference*”), the information on websites to which this Prospectus refers does not form part of this Prospectus.

In connection with the issue and sale of the Bonds, no person is authorised to give any information or to make any representation not contained in the Prospectus, and the Issuer accepts no responsibility for any information or representation so given that is not contained in the Prospectus. Any such representation or information should not be relied upon as having been authorised by the Issuer.

Neither the delivery of this Prospectus nor the issue, offering, sale or delivery of any Bond shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or, if this Prospectus is supplemented after the date hereof, the date of the relevant supplement, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof.

Neither this Prospectus nor any other information supplied in connection with the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer that any recipient of this Prospectus or any other information supplied in connection with the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

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

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

RESTRICTIONS ON PROSPECTIVE INVESTORS

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction where the offer or sale is not permitted. Where the sale or offer is not permitted, this Prospectus may not be distributed in or into any country where such distribution would require any additional prospectus, registration or additional measures or would be contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions.

U.S. RESTRICTIONS

The Bonds have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

This Prospectus has been prepared on the basis that there will be no public offer of the Bonds in connection with the admittance to trading and official listing of the Bonds. Any subsequent offer of the Bonds in any member state (each, a “**Relevant Member State**”) of the European Economic Area, will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offerings of the Bonds. Accordingly, any person making or intending to make an offer in that Relevant Member State of Bonds which are the subject of the offering contemplated in this Prospectus may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation in relation to such offer. The Issuer has not authorised, nor does it authorise, the making of any offer of the Bonds in circumstances in which an obligation arises for the Issuer to publish a prospectus for such offer.

For the purposes of this provision, the expression an “offer of Bonds to the public” in relation to any Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Denmark

The Bonds may not be offered, sold or delivered directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Capital Markets Act, Act No. 377 of 2 April 2020 and executive orders issued thereunder and in compliance with Executive Order No. 1580 of 17 December 2018 issued pursuant to the Danish Financial Business Act to the extent applicable.

NOTICE TO OTHER INVESTORS

The offering may not be made to individuals domiciled in United States, Australia, Japan, Canada, or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Prospectus relating to the Issuer has been derived from (i) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019 (together, the “**Financial Statements**”).

The Issuer’s financial year ends on 31 December, and references in this Prospectus to any specific financial year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board.

Alternative Performance Measures

Certain financial measures presented by the Issuer in this Prospectus are not defined in accordance with IFRS accounting standards. However, the Issuer believes that these alternative performance measures provide useful supplementary information to both investors and the Issuer’s management, as they facilitate the evaluation of the Issuer’s performance. It is to be noted that since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies (even if similarly labelled). Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS. See “*Description of the Issuer and the Group – Alternative performance measures*” for a list of alternative performance measures presented by the Issuer in this Prospectus to the extent that such information is not defined according to IFRS and not included in the parts of the Issuer’s financial statements incorporated by reference into this Prospectus.

FORWARD LOOKING STATEMENTS

Some statements in this Prospectus may be deemed to be forward-looking statements. Forward-looking statements include statements concerning the Issuer's and/or the Group's (as defined below) plans, objectives, goals, strategies, future operations and performance and the assumptions, estimates and judgements underlying these forward-looking statements. When used in this Prospectus, words such as "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. Forward-looking statements are based on the current view of the Issuer's management with respect to future events and financial performance based on estimates, judgements and assumptions. Although the Issuer believes that the expectations, estimates, judgements and projections reflected in its forward-looking statements are reasonable as at the date of this Prospectus, the Issuer's and the Group's actual results of operation may vary materially from those expected, estimated or predicted.

Any forward-looking statements contained in this Prospectus speak only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements contained in it to reflect any change in expectations, assumptions, judgements, estimates or any change in events, conditions or circumstances on which any such forward-looking statement is based.

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STATEMENT OF RESPONSIBILITY

The Issuer's responsibility

The Issuer is responsible for this Prospectus in accordance with Danish law.

Responsible persons

The following persons are responsible for this Prospectus on behalf of the Issuer.

In the Board of Directors of the Issuer:

Arne Vraalsen
(Chairman, industrial investor)

Christoffer Arthur Müller
(Deputy Chairman, partner)

Christian Gymos Schmidt-Jacobsen
(Board Member, managing partner)

Jan Kjærsgaard
(Board Member, group executive vice president)

who have pursuant to a special authority dated 29 April 2020 authorised that the Executive Board may jointly sign this Prospectus and any future supplement.

In the Executive Board of the Issuer:

Jens Kristensen
(Chief Executive Officer, CEO)

Thomas Nybo Stenager
(Chief Financial Officer, CFO)

Henrik Andersen
(Chief Commercial Officer, CCO)

The Issuer's statement

The persons responsible for the this Prospectus hereby declare that we have taken all reasonable care to ensure that, to the best of our knowledge, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect their import.

This Prospectus (including the statements included in this Prospectus) is hereby signed on behalf the management of the Issuer pursuant to special authority from the Board of Directors of the Issuer:

30 April 2020

In the Executive Board of the Issuer:



Jens Kristensen
(Chief Executive Officer, CEO)

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(Chief Executive Officer, CEO)



Henrik Andersen
(Chief Commercial Officer, CCO)

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(Chief Financial Officer, CFO)

RISK FACTORS

*An investment in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect Frontmatec Holding I ApS (the “**Parent**”), Frontmatec Group ApS (the “**Issuer**”) and their subsidiaries (the Parent, the Issuer and their subsidiaries are collectively referred to as the “**Group**”). These risk factors include, but are not limited to, financial risks, technical risks, risks related to the business operations of the Group and environmental and regulatory risks. If any of these or other risks or uncertainties actually occurs, the business, operating results and financial condition of the Group could be materially and adversely affected, which could have a material adverse effect on the Group’s ability to meet its obligations (including repayment of the principal amount and payment of interest) under the terms and conditions for the Bonds.*

*This section addresses both general risks associated with the industry in which the Group operates and the specific risks associated with its business. Also, this section addresses risks in relation to the Bonds. The risks presented herein are not exhaustive, and other risks not presently known to the Group, or that the Group currently deems immaterial, and which are therefore not discussed herein, may also adversely affect the Group and adversely affect the price of the Bonds and the Group’s ability to service its debt obligations. The holders of the Bonds (the “**Bondholders**”) should consider carefully the information contained in this section and elsewhere in this Prospectus and make an independent evaluation before making an investment decision.*

References to the Issuer in the Risk Factors include, where the context requires, the Issuer and the Group.

1 RISK RELATED TO THE INDUSTRY IN WHICH THE GROUP OPERATES

1.1 General economy

The economic situation on the global market generally affects the business, result and financial position of the Group. The demand for the Group's products and services are driven by a stable and growing demand for protein across the globe and the level of new capital investment and replacement and maintenance expenditures by the end-customers. The level of capital expenditures by the end-customers is driven by their need to expand capacity, to constantly maintain their production lines and to improve production efficiency, but also on the general economic conditions, availability of credit and economic conditions within their respective industries. The volatility in commodity prices can negatively affect the level of these activities and can result in postponement of capital spending decisions or the delay or cancellation of existing orders. Adverse changes in the economy may accordingly have a material negative effect on the Group’s business, earnings or financial position.

The general economic condition on the global market also affects the Group's customers and thus ultimately the demand for the Group's products and services. Adverse changes in the general economy may accordingly have a material negative effect on the Group’s business, earnings or financial position.

The Group is dependent on its ability to produce its products and to develop new products and services and to sell these successfully within existing and new market segments. Furthermore, the Group must also be able to further develop its products and services in order to stay competitive, to avoid losing market share to competitors and to meet demands for technological shifts. Research and development efforts of new products are costly and always entail a risk of unsuccessful commercialisation. In addition, no assurance can be given that the Group will be successful in its attempts to preserve and develop its products and services. If not successful in the aforementioned fields, this may have a material adverse effect on the Group’s business, earnings or financial position.

1.2 Public health epidemics – COVID-19

At the date of this Prospectus, a wide-spread global pandemic of the infectious disease COVID-19 is taking place. As the diseases is relatively new, effective cure and vaccines are yet to be developed.

While COVID-19 is still spreading, it is clear that it will affect the lives of a large portion of the global population and cause significant effects. At this time, the pandemic has caused state of emergencies being declared in various countries, travel restrictions being imposed, quarantines been established and various institutions and companies being closed.

The Group may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any possible future outbreaks and may also be subject to the following related risks:

- that ongoing installations will be postponed due to travel restrictions or similar
- that the Group cannot get material for projects if the supply chain is affected by public health epidemics which can result in lack of material for projects. This will delay projects with a risk of extra costs, penalties and reduced cash inflow
- that new orders are postponed if customers are holding back on new investments.

While the final effects of the COVID-19 pandemic are at this stage difficult to assess, it is possible that it will have substantial negative effect on the Danish economy and other economies where the Group operates. These effects may also take place in case of any possible future outbreaks.

Any of the factors above could have a material adverse effect on the Group's business, earnings or financial position.

1.3 Biosecurity risk and other risks affecting the food industry

The Group conducts business within the red meat processing industry. Consequently, the Group is subject to risks relating to the ability to maintain animal health and control diseases.

Animal health problems, such as an occurrence of swine diseases, including African Swine Fever (ASF) or Porcine Epidemic Diarrhea Virus (PEDV), or any outbreak of other serious animal diseases or epidemics might materially adversely impact the demand for food processing equipment. Animal diseases can reduce the number of animals produced, hamper the growth of animals to finishing size, require the quarantine or disposal of infected animals and, in extreme cases, exterminate large quantities of animals and temporarily suspend business operations in the affected facilities, any of which could materially adversely affect the ability of the Group to sell its products and materially and adversely affect its business, results of operations, financial condition and/or prospects.

1.4 Competition

Industry consolidation through mergers and acquisitions could shift market positions among competitors. Such consolidation may happen without the Group being involved or not being able or willing, for regulatory, financial or other reasons, to compete for the acquisition targets.

The Group may not be able to compete successfully against existing or future competitors. To compete effectively and to attract and retain customers, the Group must successfully market and price its products competitively. To expand market share or enter into new markets, competitors may use aggressive pricing strategies and the Group may experience downward pricing pressure and loss of market share. Within this environment, the Group may, nevertheless, be forced to increase prices due to increases in its costs. If the Group implements significant price increases, the impact on its revenue and profit margin will depend on, among other factors, the pricing by competitors of similar products and the response by customers to higher prices. Such price increases may reduce the Group's sales.

Like the Group, its competitors constantly strive to improve their product offerings and may be able to offer, now or in the future, lower-priced products that include the same or improved product-and technological features or products, which are otherwise superior to the Group's products.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations.

1.5 Technology development

Technological developments and improvements are key to remaining competitive in the market. If one or more of the Group's competitors are able to develop or otherwise gain exclusive access to new technologies or are able to adapt more quickly than the Issuer to evolving customer preferences or market trends, this could make it difficult or increasingly costly for the Group to compete effectively in the market. If the Group's products and services are not competitive, the Group may, among others, experience a decline in sales, an increase in price discounting and/or a loss of market share, all of which would adversely impact revenue and margin of the Group's operations.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations.

1.6 Economic and trade sanctions

To a limited extent, the Group operates, or has within the recent two years operated, in countries that are or have been subject to economic or trade sanctions, such as Russia and Iran. The Group assesses each such trade relation against the relevant criteria for legal trading and endeavours to comply with relevant rules and regulations. However, sanctions regimes are subject to frequent changes, which could deprive the Group of access to or limit its involvement with, or require it to stop, limit or reconfigure its business or products in affected markets.

Sanctions laws are complex and their application to a given circumstance can often be subject to interpretation and difficult to determine with certainty. Any violation of sanction regimes could lead to severe fines, compliance costs, reputational harm and direct or indirect losses (e.g. costs associated with recalling products).

Any new sanctions, changes to the current sanctions regimes, or violations of sanctions could have a material adverse effect on the Group's business, financial condition and results of operations.

1.7 The Group is subject to risks associated with having sales in less developed and newly industrialised countries, such as anti-corruption or anti-bribery laws and regulations and enforcement of legal rights

The Group operates globally and its activities are subject to complex regulatory frameworks in areas such as anti-corruption and anti-bribery. The Group has sales in many jurisdictions, including less developed and newly industrialised countries and intends to continue to increase its presence in such countries.

Governments in industrialised countries have increasingly introduced comprehensive legislation to combat unsound business practices, often referred to as anti-corruption or anti-bribery laws and regulations. Despite the Group's ethical standards and control and compliance procedures aimed at preventing and detecting unlawful conduct, the Group may not be able to detect all improper or unlawful conduct by its employees, suppliers or customers. This includes that individual employees may not comply with the Group's policies and guidelines and as a result may cause the Group to incur criminal sanctions (e.g. in the form of fines, which may be significant), compliance costs and suffer reputational damage.

The Group depends on its ability to enforce contractual and other rights and obligations, such as its intellectual property rights. In many countries, in particular in emerging markets and less developed countries, such enforcement actions may be difficult or indeed impossible and in any event costly. There can be no assurance that the Group will be able to successfully enforce its rights in a timely manner or at all.

The occurrence of any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

2 RISKS RELATED TO THE GROUP'S BUSINESS

2.1 COVID-19

From late January 2020, the Group's Chinese market and local operations have been severely impacted by the out-break of the COVID-19 virus. Regardless, the Group delivered according to budget in January to March 2020.

From the middle of March 2020, the outbreak of the COVID-19 virus has started to impact all of the Group's main markets. For the most part, the Group's customers are operating at normal capacity, due to being critical to the food supply chain, why the Group continues to see a good underlying demand for its product and services. However, internal measures taken to ensure employee safety and the extensive travel restrictions imposed are especially challenging to the Group's service and installation business, which will impact short term performance. At the same time, the Group sees customers increasingly focusing on ensuring business continuity, why larger projects could be postponed, which will also impact performance short term.

While the final effects of the COVID-19 pandemic are at this stage difficult to assess, there is a risk that it will have a material adverse effect on the Group's business, earnings or financial position.

2.2 Liquidity risk

In order to be able to continue as a going concern, finance its operations and mitigate the effects of fluctuations in cash flows, the Group ensures that adequate cash resources (i.e. cash and cash equivalents) are readily available by entering into loan agreements. Prior to their planned maturity, the existing loan agreements are irrevocable on the part of the lender, unless there is a breach of the terms and conditions of a loan (e.g. a breach of the financial covenants). In case of a breach of the terms and conditions of a loan, the Group will usually have a right to remedy the breach with a short period of time, but failing that, the lender is entitled to cancel the entire or part of the commitment.

In this respect, the Group is dependent on cash flow from projects and after sales. If ongoing projects are postponed, eg. due to macroeconomic factors, COVID-19 or biosecurity risks, this will have a negative impact on future milestone payments and reduce cash flow.

If, for any reason or at any time, the Issuer cannot get access to liquidity on commercially acceptable terms and conditions or at all, the business, results of operations, financial condition and/or prospects of the Group may be materially adversely affected.

2.3 The terms of the Group's financing arrangements may limit its commercial and financial flexibility and the Group may need to incur further debts or raise further equity capital to fund its operations

In addition to the terms and conditions for the Bonds, the Issuer, Nordea Danmark, Filial af Nordea Bank Abp, Finland and Nykredit Bank A/S have entered into a revolving credit facility agreement (the “**Super Senior RCF**”) of DKK 350 million. The Super Senior RCF includes a revolving credit facility for general corporate purposes and may also be applied for the issuance of bank guarantees (mainly offer bonds, performance bonds, pre-payment bonds and payment bonds (including for the purposes of foreign VAT registrations)). At present, cash drawings under the revolving credit facility is limited to up to DKK 175 million. The Issuer and the lenders under the Super Senior RCF have agreed the terms of a temporary increase of the limit of cash drawings under the revolving credit facility to 265 million, with such cash draw limit to be reduced to DKK 225 million on 1 January 2021 and be further reduced back to its current level of DKK 175 million on 1 July 2021. The entry into force of such temporary increase of the cash draw limit is subject to certain conditions which are within the control of the majority shareholders of the Issuer to meet. On the date of this Prospectus there is no actual need of an increase of the cash draw limit. While it is the expectation of the Issuer that the Issuer's majority shareholders will take steps to meet the conditions in order for the temporary increase of the cash draw limit to become effective, there is no obligation for the majority shareholders to do so.

In addition to certain incurrence based covenants, the Super Senior RCF contains a maintenance financial covenant requiring the Issuer to maintain a maximum ratio of cash drawings under the Super Senior RCF to EBITDA (as defined in the Super Senior RCF, such definition being consistent with the definition of EBITDA in the terms and conditions of the Bonds, except that paragraph (c)(ii) thereof in the Super Senior RCF permits adjustments for certain costs incurred in the period from 1 April 2019 to 31 December 2019) to be measured each quarter, the first time as of 31 March 2020. The maintenance covenant levels have been reset in connection with an amendment of the Super Senior RCF in the second half of April 2020 and takes into account the Issuer's then expected impact of COVID-19 on the Group's business and financial position.

The financial and other covenants contained in the Super Senior RCF or in any future financing arrangements could limit the Group's future operations and acquisitions and the Group's ability to pursue its business strategy.

In the event of a default under any of the Group's debt obligations, the lenders could terminate their commitments and require immediate repayments of the outstanding loans. Defaulting on a financing agreement could also result in a cross-default on other financing agreements. The Group's assets and cash flow may not be sufficient to fully repay these debts in such circumstances.

Any of the foregoing may force the Group to renegotiate the terms of its debts, incur further debts and/or raise further equity. There can be no assurance that the Group will be able to raise further debts on acceptable terms or at all.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and/or value of the Bonds.

2.4 Integration of the separate companies in the Group

The Group was formed in 2016, when five regional market leaders, originally referred to as SFK LEBLANC (Frontmatec Kolding A/S), Attec (Frontmatec Tandslet A/S), ITEC (Frontmatec Hygiene GmbH), Carometec (Frontmatec Smørum A/S) and Frontmatec (Frontmatec Skive A/S), were merged into a global market leader. The strategy of the Group is to leverage its strong market position and full-line product offering to outperform the underlying market growth while, at the same time, executing on operational improvement initiatives in order to continue to enhance profitability significantly.

The success of the strategy is subject to several factors, some of which are outside the Group's control (e.g. macroeconomic trends, regulatory changes and initiatives taken by its competitors) whereas other factors, such as the Group's ability to maintain its market share in its existing markets, enter new markets and segments thereof, including new geographical markets, develop new products successfully, manage the supply chain successfully and identify suitable acquisition targets, depends in full or in part on the Group's ability to take the required actions at the right time and successfully execute such initiatives. Further, both the past acquisitions and any new acquisitions may present integration, financial, managerial and operational challenges. There are inherent uncertainties and risks, including factors discussed elsewhere in this section, involved in executing a complex strategy.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations.

2.5 Managing future growth and expansion

Expansion into new geographical markets may present operational and marketing challenges that are different from those the Group currently faces in the existing markets. New geographical markets may have different competitive dynamics, customer preferences and discretionary spending patterns compared to the existing markets. Customers in new geographical markets are likely to be unfamiliar with the Group's brands and products and the Issuer may need to build or increase brand awareness in the relevant geographical markets by increasing investments in promotional activities. As a result, any product sales in new geographical markets may be more expensive to produce and distribute and may take longer to reach expected sales and profit levels than in the existing markets, which in turn could affect the Issuer's overall profitability.

In addition, the growth and expansion plans of the Group could strain its managerial, operational and financial resources. The ability to manage future growth and expansion will depend on the Group's ability to continue to implement and improve operational, financial and management systems on a timely basis and to expand, train, motivate and manage the workforce. The Issuer cannot assure that the personnel, systems, procedures and controls of the Group will be adequate to support future growth and expansion. Failure to effectively manage the expansion may lead to increased costs and reduced profitability and may materially adversely affect the growth prospects of the Group.

Finally, as the Group expands its operations, it may encounter regulatory, cultural and other difficulties that may also increase the costs of operations.

Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

2.6 Dependence on third parties and other factors in- and outside the Group's control

The Group's ability to maintain and grow its market share is dependent on its ability to continuously supply its products to its customers on a timely basis.

Inability to supply products in a timely manner may be caused by numerous factors, including factors fully or partially outside of the Group's control.

Delayed delivery may lead to claims for damages from customers and/or may lead to the customers switching to the Group's competitors.

The Group's production is to a certain extent based on supplies from third party suppliers. For these and other reasons, the Group's operations are dependent on third parties for, among other things, supply of certain critical components or products. As such, the Group is subject to risks associated with operating a supply chain in an

efficient manner, e.g. ensuring that components used in the end-products are available in sufficient quantities and qualities in a timely manner and at the right price.

There can be no assurance that the products or services provided by third parties and necessary to run the business of the Group effectively will be available to the Group in the demanded quantities and qualities and within the timeframe needed for the Group to meet customer demands, or that third parties will continue to provide products and services to the Group on acceptable prices and terms or at all. Agreed contractual remedies towards third party suppliers may not be enforceable by the Group or may not cover the losses incurred by the Group in the event of material disruptions in the supply chain.

While for some components and services alternative third-party suppliers are available, it could be difficult for the Group to replace these relationships on equally attractive commercial terms, or at all, and seeking alternate relationships could be time consuming and result in interruptions to the Group's business, including prolonged interruptions in the supply of the Group's products.

The Group's operations, as well as its inventory of components could be adversely affected by extraordinary events, including fire, mechanical failure, extended or extraordinary maintenance, flood, windstorm or other severe weather conditions, work stoppages, lack of supply of raw materials, directives from government agencies, power interruptions, breakdown in IT-systems or other events outside of the Group's control.

Any prolonged interruption could reduce production capacity for prolonged periods. The measures that the Group have in place to mitigate such risks may prove to be insufficient or ineffective. The Group's recovery planning may not prevent business disruption, and reconstruction of damaged facilities could require a significant amount of time and costs. The Group has no control over its suppliers' production sites or distribution facilities. In addition, inventory of components could be damaged or lost. Although the Group carries insurance to cover losses at its production sites and interruptions in the business, such policies are subject to limitations, such as deductibles and maximum liability amounts and, therefore, may not cover all losses, including lost sales. The Group may also incur losses that are outside of the coverage of its insurance policies. In the future, the Group may not be able to continue or obtain insurance coverage at current levels, or at all, and premiums may increase significantly on the coverage that is maintained.

Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

2.7 Business based on projects

A part of the business of the Group is project based. Consequently, the Group must manage project risks efficiently and adapt to changes that occur during the life of a project. Even when a risk is properly identified, the Group may be unable to or may not accurately quantify it.

Although, these projects are to a large extent based on standard equipment and known solutions implying a limited design risk, these need to be configured in different ways for different customers implying an operational risk on the Group. Also, these projects may fail to complete for reasons outside the control of the Group. Therefore, the results of the Group is highly dependent on the projects completing with the relevant financial period and it may vary to a large extent.

Furthermore, the Group has, from time to time, entered into single projects with a contract value up to DKK 275,000,000. Failure to complete one or more of the large projects for whatever reason may have a material adverse effect on the Group's business, financial condition and results of operations.

2.8 Capital expenditure related purchasing

It is critical for the business of the Group that its customers continue to invest in the products of the Group and that the customers decide to continuously upgrade or replace previously purchased products. Markets within the segment of the Group are growing approximately 5% p.a., ultimately driven by the stable and growing global demand for protein but also dependent on customer investment cycles.

The business of the Group is highly depending on customer demand and demand for replacement and upgrade of equipment. Although, the equipment of the Group is exposed to a very high level of wear and tear, due to

harsh production conditions, customers may decide to postpone such investment, replacement or upgrading for whatever reason.

Any change in the cyclical nature of the markets may have a material adverse effect on the Group's business, financial condition and results of operations.

2.9 The Group is subject to risks associated with fluctuations in raw material prices

Prices of raw material, such as iron, consumed by the Group and its suppliers when producing components for the Group are subject to fluctuations and an increase in the prices of raw materials may be transferred directly or indirectly to the Group's prices of components. Exposure to changes in raw material prices has historically not been hedged.

Any inability to transfer such increased costs related to fluctuations in raw material prices to the Group's customers may have a material adverse effect on the Group's business, results of operations or financial condition.

2.10 Product liability claims and product recalls

Faults and defects in the Group's products, wrong or incomplete instructions of use of products or use of products in a manner not foreseen or warned against by the Group, may cause the Group to be held liable in damages, including for product liability claims which could entail substantial costs and have a material adverse effect on the Group's brands and reputation. Although the Group produces and assembles its products in accordance with internationally recognised quality standards, there can be no assurance that all of its products are free from faults and defects. Faults and defects in the Group's products may also be caused by faults and defects in components purchased from the Group's suppliers. Although suppliers may be liable towards the Group, there can be no assurance that the supplier is obliged to or can compensate the Group for the full loss incurred by it.

The occurrence of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

2.11 Intellectual property rights and violation of third parties' rights

The Group's patents, trademarks and other intellectual property rights are important assets for its business. It is the Group's policy to take out patents and register its trademarks in the main markets in which its products are sold. However, there can be no assurance that the Group's actions will adequately protect its intellectual property rights in all situations. Furthermore, the risk of third parties infringing the Group's intellectual property rights may be high in certain jurisdictions as a result of limitations in judicial protection. Even if it is documented that a third party has infringed the Group's exclusive rights, it may be difficult, excessively costly or indeed impossible for the Group to enforce its rights or to recoup any losses incurred. Enforcement actions may be time consuming and expensive.

The Group's commercial success depends in part on its ability to avoid infringing on patents and other intellectual property rights of third parties. Claims by third parties that the Group's products or processes infringe on their patents or other intellectual property rights, regardless of their merit, could require the Group to incur substantial costs and losses and divert management attention to defend itself against such claims.

The risk of infringing on patents and other intellectual property rights becomes more acute going forward, given the continued increase of the technological features and components build into the processing equipment and, systems and software for the red meat processing industry.

Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

2.12 Insurance

Although the Group maintains insurance to the extent it considers to be adequate based on professional insurance advice, there can be circumstances in which the insurance would not cover, partially or fully, the consequences of a loss event. Further, there may be extended periods of uncertainty as to payment, or delays in receiving payment, for a loss event under the Group's insurance policies and such delay in payment could compound such losses and materially affect the Group's business, financial condition and results of operations.

In addition, the Group could face claims on other liability events or incidents for which it either cannot obtain insurance, or has elected not to obtain insurance (whether on account of premium costs, significant risk retention or for other reasons).

In the future, the Group may not be able to continue or obtain insurance coverage at current levels, or at all, and premiums may increase significantly on the coverage that is maintained. The occurrence of any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

2.13 Environment

The Group's business includes risks associated with the operation of industrial properties. The Group is exposed to risks of liability under e.g. environmental laws and regulations due to the production, storage, transportation, disposal and sale of materials that can cause contamination or personal injury if released into the environment. Compliance with environmental laws involves cost of the manufacturing, cost of registration/approval requirements, costs of transportation and storage of raw materials and finished products, as well as the costs of the storage and disposal of wastes. The Group may furthermore incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs for violations arising under environmental laws.

In addition, the discovery of contamination arising from historical industrial operations at some of the Group's former and present properties may expose the Group to clean-up obligations and other damages. Compliance with environmental laws and liability arising in connection with any personal injuries or damages and damages to the environment may have a material negative effect on the Group's business, result and financial position.

2.14 Key personnel

The performance of the Group depends in part on the continued services and employment of executive management and management team, many of whom have significant senior executive and relevant industry experience and would be difficult to replace. The management and key employees of the Group are, to a large extent, invited to and participates in a management incentive program, which improves the ability of the Group to retain and attract personnel. However, if any member of the executive management or management team were to terminate their services or employment with the Issuer, it may have to incur significant costs in attracting, hiring, training and retaining replacements as competition in the industry for suitably qualified personnel managers is significant. The loss of other executive officers or key employees, the inability to recruit sufficient, qualified personnel, or the inability to replace departing employees in a timely manner may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group.

In addition, the leading position of the Group within the red meat processing industry is highly dependent on the ability to retain and attract personnel with special skills and experience. A higher turnover rate among employees would increase recruiting and training costs and could require the Group to offer higher wages, which may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group.

2.15 Fraud or other misconduct by the employees, customers or other third parties

The Group is exposed to potential fraud or other misconduct committed by employees, customers or other third parties, which could subject the Group to financial losses, third-party claims, regulatory investigations and/or reputational damages. Despite the internal control measures in place, the Issuer cannot assure that internal control policies and procedures are sufficient to prevent, or that the Group could properly manage the conduct of its employees or customers, or that the Group can otherwise fully detect or deter, all incidents of fraud, legal, tax or other regulatory non-compliance, violations of relevant laws and regulations and other misconduct. Any such conduct committed by employees, customers or other third parties could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group.

2.16 IT-systems and security breaches

The Group is vulnerable to interruptions and breaches of the established IT security policies, including during the process of upgrading or replacing software, databases or components thereof, natural disasters, terrorist attacks, telecommunications failures, computer viruses, cyber-attacks, hackers, accounting fraud, organised unauthorised access attempts and other security issues. The IT-security initiatives and disaster recovery plans implemented by the Issuer to address these concerns may not be adequate.

Any significant failure of the IT-systems, including failures that prevent IT-systems from functioning as intended, could cause transaction errors, processing inefficiencies, loss of customers and sales and have a negative impact on the operations or business reputation of the Group.

In addition, if the Group is unable to prevent security breaches, the Group may suffer financial and reputational damage or penalties because of the unauthorised disclosure of confidential information belonging to it or to its customers or suppliers.

The occurrence of any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

2.17 GDPR

In the regular course of business, the Group processes certain categories of personal data about its employees, consultants, and individual representatives of various third-parties. The Group is subject to the requirements of various data privacy and protection laws and regulations in force in the areas in which it operates, including but not limited to the EU General Data Protection Regulation ("GDPR"). The Group is committed to doing business in accordance with applicable data protection laws and regulations and has adopted policies and procedures which are designed to promote legal and regulatory compliance therewith. However, if the Group fails to comply with applicable legal requirements through its data protection compliance program, it could be subject to substantial fines, civil and/or criminal penalties, or curtailment of relevant data processing activities in certain jurisdictions, which might materially adversely affect the Group's business, financial condition, or results of operations.

2.18 Credit risk

The Group is exposed to credit risks on its receivables. The maximum credit risk is the sum of receivables recognised, and outstanding receivables are followed-up upon on a recurring basis in accordance with internal procedures. If it is uncertain whether a customer is able or willing to pay, and the receivable is deemed doubtful, the receivable is written down.

If, for any reason or at any time, a customer is not able or willing to pay the respective receivables, the business, results of operations, financial condition and/or prospects of the Issuer may be materially adversely affected.

2.19 Currency risk

As the Group operates and have sales in multiple jurisdictions, including the EU, Asia and the Americas, and considering that the Group purchases material to their products from foreign suppliers in different currencies, the Issuer may be exposed to currency risk. Its customer agreements are denominated in several currencies. Furthermore, a large part of the Group's turnover is generated in countries outside the EU. Although the Group actively uses financial instruments to hedge such currency risks, such instruments do not cover all currency risks to which the Group is exposed.

There is a risk that a devaluation or appreciation in a currency that the Group has exposure towards (as applicable) results in a reduced value of the Groups local monetary assets and generate local currency losses, which in turn would have an adverse effect on the Group's business, earnings or financial position.

2.20 Interest rate risk

The credit facilities of the Group are floating-rate credits, thus exposing it to interest rate fluctuations. The Group also has a right to, in compliance with the limits set out in the terms and conditions for the Bonds, to incur future financial indebtedness to finance its business operations which is likely to be floating-rate credits.

Therefore, there is a risk that such financing generate interest costs which will be higher than the gains produced by the investments made by the Group. Borrowing money to make investments will increase the Group's exposure to the loss of capital and higher interest expenses. Although the Group actively uses financial instruments to hedge interest rate risk, interest on the Group's borrowings from time to time is subject to fluctuations in the applicable interest rates, and such exposure may not be covered by the financial instruments entered into by the Group.

If, for any reason or at any time, the interest rate on any of the credit facilities of the Issuer increases significantly, the business, results of operations, financial condition and/or prospects of the Group may be materially adversely affected.

2.21 The Group is subject to national and international regulation and faces health, safety and environmental risks

The Group's production and other activities are subject to complicated regulation, including in areas such as product safety, labour laws, and environmental and data privacy regulation, as well as industry standards and practices. The Group incurs significant costs and expenditures to comply with the laws and regulations in Canada, China, Germany, Romania, Spain, the UK and Denmark where it has production facilities, including health, safety and environmental laws and regulations.

If such costs cannot be fully recouped through sales to customers, or if such laws and regulations force the Group to stop production for longer or shorter periods of time, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Notwithstanding the Group's endeavours to comply with all relevant rules, regulations and standards applicable to it, there can be no assurance that the Group has complied or will comply with all relevant rules, regulations and standards. Any failure to comply with applicable rules, regulations and standards could lead to claims being raised against the Group for damages, costs, fines etc. or other sanctions or that public authorities order the Group to change its production processes. Amendments to existing or introduction of new rules, regulations and/or industry standards may lead the Group to incur substantial costs.

In case of work related accidents, the Group may face claims from current or former employees, professional labour bodies, unions or governmental agencies. Any significant accident could interrupt production and result in personal injuries, damages to properties, fatal accidents and legal and regulatory liabilities. Likewise, the Group may face claims from third parties in the event the Group causes any pollution of third party properties, ground water or the air. Such incidents may also lead to a need for initiating remedial environmental measures or to suspension or shut down of operations. While the Group has taken out insurances to cover such risks, there can be no assurance that such insurances will be sufficient to cover the costs and losses actually incurred.

The occurrence of any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

2.22 Complex Danish and foreign direct or indirect tax laws

The Group is subject to various Danish and foreign taxes, including direct and indirect taxes, imposed on its global activities, such as corporate income tax, withholding tax, customs duty, value added tax and other taxes and the Group's effective tax rate is impacted by the composition of the Group's taxable income in the countries in which the Group has activities. Due to the complexity of international tax rules, the provisions for direct and indirect taxes in the Group accounts are subject to a certain degree of judgement, and there are many transactions and calculations where the ultimate direct and indirect tax determination is uncertain. Governmental authorities could question the Group's tax policies and judgements and seek to impose additional or increased taxes or penalties on the Group, and the final determination of tax audits and any related litigation could be materially different from the Group's historical direct and indirect tax provisions and accruals.

Local tax rules and interpretations of tax rules in different jurisdictions change from time to time, and any changes may be implemented with retroactive effect. A change in tax rules or interpretation of tax rules in one or more jurisdictions could increase the Group's tax liabilities. Furthermore, taking into account *inter alia* the frequent changes to tax regulations, the Group could be subject to claims for breach of such regulations, including for late or incorrect filings or for misinterpretation of rules.

Any additional or increased taxes, including interest and penalties, imposed on the Group, as well as challenging any adverse determinations of tax authorities, could require significant management attention, lead to significant liabilities and otherwise have a material adverse effect on the Group's business, financial condition and results of operations.

2.23 Litigation risk

In the ordinary course of business, the Group may become involved in litigation, arbitration, legal proceedings and other types of disputes that may have a material adverse effect on its business, results of operations, financial condition and/or prospects of the Issuer. In addition, such actions may also expose it to negative publicity, which might affect the brands and reputation as well as the customer preference for the products, and/or result in substantial legal expenses to the Issuer and distract significant time and attention of its executive management and management team from the business and operations.

The Issuer (including each member of the Group) is not currently involved in any significant litigation, arbitration, legal proceedings and other types of disputes that may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group.

2.24 Majority owner

The Group is currently controlled by certain entities managed by Axcel Management A/S and the interests of the majority owners may conflict with the Bondholders', particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. The majority owners have the power to control all matters to be decided by vote at a shareholders' meeting and has the ability to appoint the board of directors in the Issuer (and indirectly in the subsidiaries of the Issuer). Furthermore, the majority owners may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its equity investments, although such transactions might involve risks to the Bondholders. There is nothing in the terms and conditions for the Bonds that prevents the majority owners or any of their affiliates from acquiring businesses that directly compete with members of the Group. If any such event were to arise this may adversely affect the results of operations, financial condition and/or prospects of the Group.

3 RISKS RELATED TO THE BONDS

3.1 Credit risks

Investment in the Bonds involve a credit risk relating to the Group. The investor's ability to receive payment under the Bonds is therefore dependent on the Group's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and financial position. The Group's financial position is affected by several factors, some of which have been mentioned above.

An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively.

3.2 Refinancing risk

The Issuer may be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debts is dependent on the conditions of the debt capital and loan markets and its financial condition at such time. Even if the debt capital and loan markets improve, the Issuer's access to financing sources may not be available on favourable terms, or at all. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the Bondholders' recovery under the Bonds.

Another aspect of the credit risk is that a deteriorating financial position of the Group may reduce the Group's ability to take out debt refinancing upon the maturity of the Bonds.

3.3 Listing and liquidity risks

Even if the Bonds are admitted to trading on Nasdaq Copenhagen A/S' regulated market, active trading in the Bonds does not always occur and hence there is a risk that a liquid market for trading in the Bonds will not exist or can be maintained even if the Bonds are listed. The liquidity of any market for the Bonds will depend on the number of holders of those Bonds, investor interest at large and relative to the Issuer and its business segment in particular, and the interest of securities dealers in making a market in those securities and other factors. This may result in the holder not being able to 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. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted for trading on Nasdaq Copenhagen A/S' regulated market, as the Bonds may trade below their nominal value (for instance, to allow for the market's perception of a need for an increased liquidity risk premium).

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.

3.4 The Bonds may not remain listed on Nasdaq Copenhagen (or another listing exchange)

Although the Issuer has agreed in the terms and conditions for the Bonds to use its best efforts to maintain the listing of the Bonds on Nasdaq Copenhagen A/S as long as the Bonds are outstanding, the Issuer cannot guarantee that the Bonds remain listed. Although no assurance is made as to the liquidity of the Bonds as a result of listing on Nasdaq Copenhagen, the delisting of the Bonds from Nasdaq Copenhagen or another recognised regulated market may have an adverse effect on a holder's ability to sell Bonds in the secondary market.

3.5 Volatility in market price of the Bonds

The market price of the Bonds could 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, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Group's operating results, financial condition or prospects.

3.6 Interest rate risk

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.

3.7 Currency risks

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

3.8 Ability to service debt

The Issuer's ability to service its debt under the Bonds will depend upon, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all. The aforementioned applies to both long-term and current liabilities and therefore, both the solidity as the liquidity may be affected in this respect.

3.9 Risks relating to the value of the transaction security

Although the obligations under the Bonds and certain other obligations of the Group towards the Bondholders, the lenders under the Super Senior RCF and certain other creditors (jointly the "**Secured Creditors**") represented by Nordic Trustee A/S as security agent (the "**Security Agent**") are secured by first priority security, there is a risk that the proceeds of any enforcement sale of the security assets will not be sufficient to satisfy all amounts then owed to the Secured Creditors. Furthermore, if the Issuer issues additional Bonds or obtains other new debt, the security position of the current Bondholders may be impaired.

No valuation of the assets that are subject to transaction security has been prepared in connection with the offering or listing of the Bonds. The fair market value of any such assets is subject to fluctuations based on factors that include, among others, the Issuer's ability to implement its business strategy, the ability to sell such assets in an orderly sale, general economic and political conditions, the availability of buyers and similar factors. The amount to be received upon a sale of any assets that are subject to transaction security would be dependent on numerous factors, including, but not limited to, the actual fair market value of the transaction security in question at such time, general, market and economic conditions, legal restrictions and the timing and the manner of the sale. There can be no assurance that any assets that are subject to transaction security can be sold. To the extent that liens, rights or easements granted to third parties encumber any such assets, such third parties have or may exercise rights and remedies with respect to such assets. Any such liens, rights or easements granted to third parties could adversely affect the value of assets that are subject to transaction security and the ability of the Security Agent to enforce the transaction security granted over any such assets.

3.10 Sharing of transaction security and guarantees and insolvency proceeds

The relation between the Secured Creditors is governed by an intercreditor agreement (the “**Intercreditor Agreement**”) between, among others, the Issuer, the Security Agent, the Bondholders' agent (currently, Nordic Trustee A/S) (the “**Agent**”) and the Secured Creditors.

Pursuant to the Intercreditor Agreement, the providers of the Super Senior RCF and certain providers of hedging facilities to the Group (jointly the “**Super Senior Creditors**”) will have the right to proceeds from the transaction security and guarantees and any payments from the Issuer or any of the guarantors prior to the Bondholders in the case of an enforcement of the transaction security or guarantees or in the case of an insolvency of the Issuer or the guarantors. Consequently, the Bondholders may not be able to recover from the proceeds of the transaction security or the guarantees in connection with an enforcement of such transaction security or guarantees or from the Issuer or the guarantors in an insolvency unless and until the Super Senior Creditors have been fully repaid. Furthermore, any additional Bonds and certain other new debt may share in the transaction security on an equal basis with the Bondholders, which may reduce the Bondholders recovery.

3.11 Risks relating to the instruction of the Security Agent

The transaction security will be granted in favour of the Security Agent (as representative of the Secured Creditors) and not directly to the Bondholders. As a consequence, Bondholders do not have direct security interests and will not be entitled to take individual enforcement action in respect of the transaction security securing the Bonds.

The Security Agent will take enforcement instructions primarily from the Agent (representing the Bondholders). However, if the Agent (representing the Bondholders) wishes to enforce the transaction security, the Agent must first consult with the other Secured Creditors (in the event there is no agreement on the proposed enforcement action) for a period of 30 days after which the Agent (representing the Bondholders) may instruct the Security Agent to take such action. The other Secured Creditors may thus delay enforcement which the Bondholders believe is necessary. Furthermore, the Security Agent may act in a manner that the Bondholders believe is to their detriment. In some situations (e.g. where another Secured Creditor has requested enforcement action to be taken but the Bondholders have not provided any enforcement instruction to the Security Agent within three months after the end of the consultation period, or where enforcement action requested by the Bondholders has not resulted in any enforcement proceeds being made available to the Security Agent within six months from the end of the consultation period), the other Secured Creditors may give enforcement instructions to the Security Agent.

The Bondholders and the other Secured Creditors will be represented by the Security Agent in all matters relating to the transaction security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security.

Subject to the terms of the Intercreditor Agreement, the Security Agent is entitled to enter into agreements with the Issuer or a third party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the transaction security or for the purpose of settling, among others, the Bondholders' rights to the security. Although there is a limitation that such actions shall not be taken if the Security Agent deems the action to be detrimental to the interests of the Bondholders, it cannot be guaranteed that actions will not be taken that may be considered to be detrimental in the view of some or all of the Bondholders.

The Intercreditor Agreement contains important terms in respect of, *inter alia*, the ranking of the Bonds and Bondholders are encouraged by the Issuer to review the Intercreditor Agreement in full and make themselves familiar with its terms.

3.12 Guarantees and security provided by Issuer's subsidiaries will be substantially limited by financial assistance regulations, capital maintenance rules and similar restrictions

The Issuer's obligations under the Bonds are secured by guarantees issued by the Parent and by certain of the subsidiaries of the Issuer and various transaction security granted by certain members of the Group.

According to the financial assistance rules of the Danish Companies Act, the subsidiaries of the Issuer cannot provide guarantees or security for loans which have been used to finance or refinance the acquisition of the shares in the subsidiaries or any of their parent companies. A major part of the proceeds from the Bonds has been used to refinance the acquisition debt incurred by the Issuer in acquiring of the shares in the subsidiaries of the Issuer and guarantees and transaction security provided by the Issuer's subsidiaries will not secure this part of the Bonds. Accordingly, the part of the Bonds which will be used for refinancing the acquisition of the shares in the subsidiaries of the Issuer will effectively only be secured by the pledge over the shares in Frontmatec Kolding A/S, Frontmatec Tandslet A/S, Frontmatec Skive A/S, Frontmatec GmbH, Frontmatec Hygiene GmbH, Frontmatec Inc. and Équipements Frontmatec Inc. and will effectively be structurally subordinated to the creditors of the Issuer's subsidiaries. If it is not possible to separate the part of the Bonds used for the acquisition of shares in the subsidiaries from other parts of the Bonds there is a risk that no part of the Bonds may be secured by any security or guarantees provided by the subsidiaries.

Furthermore, to prevent the Issuer's Danish subsidiaries from incurring liability in providing the relevant guarantee and/or security, the liability of such subsidiaries will further be limited to the relevant subsidiary's equity at the time of making the guarantee or, if higher at such time, the time that a claim is made thereunder.

Frontmatec GmbH and Frontmatec Hygiene GmbH are incorporated in the form of a German limited liability company (in German: *Gesellschaft mit beschränkter Haftung*, "**GmbH**"). Consequently, the grant of a guarantee by them is subject to certain provisions of the German Limited Liability Company Act (in German: *Gesetz betreffend die Gesellschaft mit beschränkter Haftung*, "**GmbHG**").

As a general rule, Sections 30 and 31 of the GmbHG prohibit a GmbH from disbursing its assets to its shareholders to the extent that the amount of the GmbH's net assets (i.e., assets minus liabilities and liability reserves) is already less or would fall below the amount of its stated share capital (in German: *Stammkapital*). The granting of a guarantee by a GmbH in order to secure liabilities of a direct or indirect parent or sister company may be considered disbursements under Sections 30 and 31 of the GmbHG. Therefore, in order to enable German subsidiaries to grant guarantees and to create security interests to secure liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31 of the GmbHG, it is standard market practice for terms and conditions, credit agreements, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries in the legal form of a GmbH incorporated in Germany. Pursuant to such limitation language, the beneficiaries of the security interests (including any guarantee) agree, subject to certain exemptions, to require payments under the Guarantee or, as the case may be, enforce the security interests against the German subsidiary only if and to the extent that such payment or, as the case may be, enforcement does not result in the GmbH's net assets falling below its stated share capital or, as the case may be, if the net assets are already below the amount of its stated share capital, to cause such amount to be further reduced. Accordingly, the security documents and other relevant documents relating to the Guarantee provided by the Guarantors contain such limitation language and the Guarantee will be limited in the manner described. These limitations would, to the extent applicable, restrict the right of payment and would limit the claim accordingly irrespective of the granting of the subsidiary guarantee. This could lead to a situation in which the respective Guarantee by a German subsidiary guarantor cannot be enforced at all. German capital maintenance rules are subject to evolving case law (in German: *Rechtsprechung*). Future court rulings may further limit the access of shareholders to assets of their subsidiaries constituted in the form of a GmbH, which can negatively affect the ability of the subsidiaries to make payments on the Guarantee and of the beneficiaries of the Guarantees to enforce the Guarantees.

Furthermore, it cannot be ruled out that the case law of the German Federal Supreme Court (in German: *Bundesgerichtshof*) regarding so-called destructive interference (in German: *existenzvernichtender Eingriff*) (i.e., a situation where a shareholder deprives a German limited liability company of the liquidity necessary for

it to meet its own payment obligations) may be applied by courts with respect to the enforcement of a guarantee or security granted by a German (direct or indirect) subsidiary of an issuer. In such a case, the amount of proceeds to be realised in an enforcement process may be reduced, even to zero.

In addition, enforcement of the guarantee granted by subsidiaries of any issuer may be limited under its respective terms to the extent that it would lead to the illiquidity (in German: *Zahlungsunfähigkeit*) of the subsidiary granting such Guarantee.

The guarantees and transaction security provided by the Issuer's subsidiaries includes limitation language limiting the liability of the Issuer's subsidiaries in accordance with the Danish financial assistance regulations, the equity limitations and similar limitations. With such restrictions, the subsidiaries of the Issuer may be restricted in making payments under the guarantee or security which in turn may result in a Bondholder's loss of the investment in the Bonds.

3.13 Risks relating to the enforcement of the transaction security

The Bondholders will receive proceeds from an enforcement of the transaction security only after obligations towards the Super Senior Creditors have been repaid in full.

The transaction security may be subject to certain limitations on enforcement (in addition to those set out in the Intercreditor Agreement) and may be limited by applicable law or subject to certain defences that may limit its validity and enforceability, including avoidance rules, financial assistance restrictions, capital maintenance rules and other challenges.

If a subsidiary which shares are pledged in favour of the Secured Creditors is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such share pledge may then have limited value because all of the subsidiary's obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the Secured Creditors. As a result, the Secured Creditors may not recover full or any value in the case of an enforcement sale of such pledged shares. In addition, the value of the shares subject to the pledge may decline over time. Furthermore, the face value of any floating charges over assets of subsidiaries of the Issuer does not in any way reflect the actual value of realisation of such assets.

The value of any intragroup loans that are subject to security in favour of the Secured Creditors is largely dependent on the relevant debtor's ability to repay such intragroup loans. Should the relevant debtor be unable to repay debt obligations upon enforcement of pledge over the intragroup loans, the Secured Creditors may not recover the full value of the security granted under such intra-group loans. Furthermore, the assignment of such intra-group loans by the Issuer in favour of the Security Agent has not been perfected as the Issuer as assignor of such intra-group loans is entitled to receive payments thereunder until an Event of Default (as defined in the Intercreditor Agreement) has occurred and notice has been given by the Security Agent to the relevant debtor under each such intra-group loan that any payments to be made by the debtor thereunder shall be paid to an account designated by the Security Agent. If the assignment of intra-group loans is later perfected by the Security Agent by notifying the relevant debtors under each such intra-group loan that payments to be made by the debtors thereunder shall be paid to an account designated by the Security Agent, the assignment will be subject to a hardening period under the Danish Bankruptcy Act from the time of such perfection.

3.14 Security granted to secure the Bonds may be unenforceable or enforcement of the security may be delayed

The insolvency laws of applicable jurisdictions may preclude or limit the right of the Bondholders from recovering payments under the Bonds. The enforceability of the transaction security may be subject to uncertainty. The transaction security may be unenforceable if (or to the extent), for example, the granting of the security were considered to be economically unjustified for such security providers (corporate benefit requirement). Furthermore, the transaction security may be limited in value, inter alia, to avoid a breach of the corporate benefit requirement.

Furthermore, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor of the security in accordance with applicable law. The security interests securing the Bonds may not be perfected with respect to the claims under the Bonds if the Issuer fails or is unable to take (or cause to be taken) the actions required to be taken to perfect any of these

liens. Absent perfection, the holder of the security interest may have difficulties in enforcing or be entirely unable to enforce such holder's rights in the assets subject to such security interest in competition with third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same assets. Further, a debtor may discharge its obligation under a receivable by paying the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favour of the security taker over the receivable the security provider (as creditor) has against the debtor. Additionally, in certain jurisdictions, the ranking of pledges is determined by the date on which they were perfected. A security interest created on a later date over the same assets, but which was perfected earlier (by way of registration in the appropriate register or by notification) generally has priority.

Under German law, certain "accessory" security interests such as pledges (in German: *Pfandrechte*) require that the pledgee and the creditor of the secured claim be the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim. The holders of the Bonds will not be party to the security documents. In order to permit the holders of the Bonds to benefit from security under "accessory" security interests in relation to the German security documents, the Intercreditor Agreement will provide for the creation of a "parallel debt". Pursuant to the parallel debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under, in particular, the Bonds and the guarantees. The security documents governed by German law will directly secure the parallel debt only. The parallel debt procedure has not been tested in court under German law, and there is no certainty that it will eliminate or mitigate the risk of invalidity or unenforceability posed by German law.

3.15 Risks relating to release of transaction security

Under various circumstances, the transaction security securing the Bonds and the guarantees provided may be released, including:

- in connection with any sale, assignment, transfer, conveyance or other disposal of assets being subject to the security interests if such sale, assignment, transfer, conveyance or other disposal does not violate the terms and conditions relating to the Bonds;
- in the case of a guarantor that is released from its guarantee pursuant to the terms and conditions relating to the Bonds and the related guarantee, the release of the property, assets and shares of such guarantor; or
- as a result of a transaction permitted by the terms and conditions relating to the Bonds as described under the general undertaking in respect of mergers and demergers.

Furthermore, the Security Agent may at any time (without the prior consent of the Bondholders), acting on instructions of the Secured Creditors, release the transaction security and guarantees in accordance with the terms of the Intercreditor Agreement. Although the transaction security shall be released *pro rata* between the Secured Creditors and continue to rank *pari passu* between the Secured Creditors, such release will impair the security interest and the secured position of the Bondholders, especially since the enforcement proceeds from the remaining transaction security are not distributed equally between the Secured Creditors.

3.16 Risks related to insolvency or bankruptcy of the Group

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

In the event of bankruptcy or other insolvency proceedings against the Issuer or any guarantor, the Bonds will rank in priority after certain priority creditors mandatory preferred by law and the Bonds will further rank after the Super Senior Creditors.

Each investor should be aware that there is a risk that an investor in the Bonds may lose all or part of their investment if the Issuer or another company in the Group is declared bankrupt, carries out a reorganisation or is wound-up.

3.17 The Issuer is dependent on its subsidiaries

A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. Accordingly, the Issuer is dependent upon receipt of income related to the operation of and the ownership in the subsidiaries to enable it to make payments under the Bonds. The Issuer's subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations and commitments, including the Bonds, or to make funds available for such payments, unless they have expressly undertaken to guarantee the Bonds and in such case only to the extent that the guarantee is not limited by financial assistance issues or otherwise, as described above. The ability of the Issuer's subsidiaries to make such payments to the Issuer is subject to, among other things, the availability of funds and legal restrictions. Should the Issuer not receive sufficient income from their subsidiaries, the investor's ability to receive payment under the terms and conditions for the Bonds may be adversely affected.

3.18 Insolvency of subsidiaries and structural subordination

In the event of insolvency, liquidation or a similar event relating to one of the Issuer's subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such company before the Issuer, as a shareholder, would be entitled to any payments. Defaults by, or the insolvency of, subsidiaries of the Issuer may result in the obligation of the Issuer to make payments under financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

Further, the Group operates in various jurisdictions and in the event of bankruptcy, insolvency, liquidation, dissolution, reorganisation or similar proceedings involving the Issuer or any of its subsidiaries, bankruptcy laws other than those of Denmark could apply. The outcome of insolvency proceedings in foreign jurisdictions is difficult to predict and could therefore have a material and adverse effect on the potential recovery in such proceedings.

3.19 Security over assets granted to third parties

The Issuer and the subsidiaries may subject to certain limitations from time to time incur additional financial indebtedness and provide additional security for such indebtedness. In the event of insolvency, liquidation or a similar event relating to the Issuer or one of the Issuer's subsidiaries, the Bondholders will be subordinated in right of payment out of the assets being subject to any such security granted by the Issuer or the Issuer's subsidiaries to a third party.

3.20 Risks related to early redemption and reinvestment

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

3.21 The Issuer may not be able to finance a put option under the Bonds

The terms and conditions for the Bonds contain provisions relating to a "Change of Control Event", a "Listing Failure" and a "Delisting". Upon the occurrence of such events as further described in the terms and conditions of the Bonds, each Bondholder will have the option to put its notes to the Issuer who will be required to redeem or purchase such notes at a price equal to 101% of their principal amount together with (or, where purchased, together with an amount equal to) accrued interest. If such a put event were to occur, the Issuer may not have sufficient funds available, or may not be able to obtain the funds needed, to redeem or pay the price for all of the Bonds put to it by Bondholders.

3.22 No action against the Issuer and Bondholders' representation

In accordance with the terms and conditions for the Bonds, the Agent (in Danish: *obligationsejer repræsentanten*) and Security Agent will represent all Bondholders in all matters relating to the Bonds and the Bondholders are prevented from taking actions on their own against any Issuer. 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 Issuer or the guarantors and may therefore lack effective remedies unless and until a requisite majority of the Bondholders agree to take such action. However, the possibility that a

bondholder, in certain situations, could bring its own action against the Issuer (in breach of the terms and conditions for the Bonds) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against the Issuer. Under the terms and conditions for the Bonds, the Agent or the Security Agent will in some cases have the right to make decisions and take measures that bind all Bondholders. Consequently, the actions of the Agent or the Security Agent in such matters could impact a bondholder's rights under the terms and conditions for the Bonds in a manner that would be undesirable for some of the Bondholders.

A failure by the Agent or the Security Agent to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the Bondholders due to, for example, inability to receive any or all amounts payable from the transaction security in a timely and efficient manner.

3.23 The rights of Bondholders depend on the Agent's actions and financial standing

By purchasing, any Bond, each Bondholder will accept the appointment of the Agent (to be, on the issue date, Nordic Trustee A/S) to act on its behalf and to perform administrative functions relating to the Bonds (to act as *obligationsejer repræsentant*). The Agent shall have, among other things, the right to represent the Bondholders in all court and administrative proceedings in respect of the Bonds. However, the rights, duties and obligations of the Agent as the representative of the Bondholders will be subject to the provisions of the terms and conditions for the Bonds. A failure by the Agent to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the Bondholders. Under the terms and conditions for the Bonds and pursuant to Danish law, the funds collected by the Agent as the representative of the Bondholders must be held separately from the funds of the Agent and be treated as escrow funds to ensure that in the event of the Agent's bankruptcy, such funds can be separated for the benefit of the Bondholders. In the event the Agent would fail to separate the funds in an appropriate manner, the funds could be included in the Agent's bankruptcy estate.

The Agent may be replaced by a successor Agent in accordance with the terms and conditions for the Bonds. Generally, the successor Agent has the same rights and obligations as the retired Agent. It may be difficult to find a successor Agent with commercially acceptable terms or at all. Further, it cannot be excluded that the successor Agent would not breach its obligations under the above documents or that insolvency proceedings would not be initiated against it.

Materialisation of any of the above risks may have a material adverse effect on the enforcement of the rights of the Bondholders and the rights of the Bondholders to receive payments under the Bonds.

3.24 Bondholders' meetings

The terms and conditions for the Bonds 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 for the Bonds allow for stated 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, the actions of the majority in such matters could impact a bondholder's rights in a manner that would be undesirable for some of the Bondholders.

3.25 Restrictions on the transferability of the Bonds

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

3.26 The regulation and reform of “benchmarks” may adversely affect the value of the Bonds

Interest rates and indices which are deemed to be “benchmarks”, (including, *inter alia*, the euro interbank offered rate (“EURIBOR”)) are the subject of recent national and international regulatory guidance and proposals for reform. These reforms may cause such benchmarks, including EURIBOR to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks, including EURIBOR: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any

of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Bonds.

Investors should be aware that, if the EURIBOR rate was discontinued or otherwise unavailable, the rate of interest on the Bonds will be determined for the relevant period by the fallback provisions applicable to the Bonds. The definition of “EURIBOR” in the terms and conditions of the Bonds provides for certain fallback arrangements in the event that EURIBOR becomes unavailable.

If the circumstances described in the preceding paragraph occur such fallback arrangements will include the possibility that EURIBOR could be set to “the interest rate which according to the reasonable assessment of the Agent best reflects the interest rate for deposits in Euro offered for the relevant period”.

No consent of the Bondholders shall be required in connection with effecting any relevant adjustments and/or amendments described above.

3.27 All trades in the Bonds shall be in a minimum nominal amount of EUR 100,000

Pursuant to the terms and conditions for the Bonds, all trades in the Bonds shall be in a minimum nominal amount of EUR 100,000. Following a sale of Bonds by a Bondholder, the Bondholder may hold less than a nominal amount of EUR 100,000, and in such case the Bondholder cannot sell the remaining Bonds without purchasing Bonds (in a minimum nominal amount of EUR 100,000) to increase its holding above EUR 100,000. Since all trades in the Bonds must be in a minimum nominal amount of EUR 100,000, the Bondholder must then purchase Bonds in a nominal amount of at least EUR 100,000. Accordingly, an investment in the Bonds is only suitable for investors who can bear the risks associated with the restriction on selling and/or buying the Bonds in nominal amounts less than EUR 100,000.

3.28 Danish Financial Regulation Regime

The Issuer has structured the issuance of the Bonds and its operations in reliance on its interpretation of the Danish Financial Supervisory Authority’s current practice on bond issues and issuers in respect of the applicability of sections 7(1), 7(3), 3rd sentence and 334 of the Danish Financial Business Act, i.e. the criteria for when a bond issue or issuer is not deemed to carry out business that triggers a license requirement as a bank or savings institution. It is the Issuer’s view that pursuant to the current practice the issuance of the Bonds will not make the Issuer subject to the financial regulation or any license requirements thereunder as a regulated financial entity. Should the Issuer’s interpretation of the current practice prove to be incorrect or should the Danish Financial Supervisory Authority change its practice in this area it could have a material adverse effect on the Issuer’s business, financial position, profitability, and result, and on the bondholder’s recovery as it is likely to be incompatible with the business the Group operates to in fact obtain a license as a bank or savings institution.

3.29 Obligation to publish key information document (PRIIPS)

The Issuer’s offering of the Bonds was structured in reliance of the view that it was not required to publish a key information document (KID) as the Bonds are not deemed within scope of EU Regulation no. 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPS). Should the Issuer’s interpretation of the EU Regulation prove to be incorrect or should the Danish Financial Supervisory Authority apply a practice, which conflicts with the Issuer’s view, it could result in fines or other sanctions of the Issuer and its reputation may be harmed.

OVERVIEW

The following overview is an introduction to the Prospectus and contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Any decision to invest in the Bonds must be based on a consideration of the Prospectus as a whole. For a more complete understanding of the Bonds, including certain definitions of terms used in this overview, see “Terms and Conditions of the Bonds”).

Issuer	Frontmatec Group ApS
LEI.....	549300L2VDVI7KPEL330
ISIN	DK0030452263.
Total Nominal Amount of Bonds issued.....	EUR 175,000,000.
Maximum Nominal Amount of Bonds authorised under Terms and Conditions	EUR 250,000,000.
First Issue Date	10 October 2019.
Issue Price	100%.
Final Maturity Date	10 October 2024.
Currency	Euro
Interest Rate.....	EURIBOR plus 5.75% per annum.
Indicative Yield	The yield on the Bonds cannot be indicated as of the date of this Prospectus as the Bonds bear interest at a floating rate.
Interest Payment Date	Interest on the Bonds will be payable on a quarterly basis in arrears on 10 January, 10 April, 10 July and 10 October of each year, beginning on 10 January 2020 (or to the extent any such day is not a Business Day, the Business Day following from an application of the Business Day Convention). Interest accrues from the First Issue Date.
Form of Bonds.....	The Bonds are issued in uncertificated and dematerialised book-entry form in the electronic register of VP Securities A/S.
Status of the Bonds.....	The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank <i>pari passu</i> with (i) the Super Senior Debt and the New Debt pursuant to the Intercreditor Agreement, but will following an Enforcement Action (as defined in the Intercreditor Agreement) receive proceeds distributable by the Security Agent only after the Super Senior Debt has been repaid in full, and (ii) all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.
Guarantees	Subject to the Intercreditor Agreement and applicable limitation language, each Guarantor has, as principal obligor, pursuant to a Guarantee Agreement guaranteed

the punctual fulfilment by the Issuer of the payment obligations under the Senior Finance Documents.

On the date of this Prospectus, the following legal entities are Guarantors:

- (a) the Parent (incorporated in Denmark);
- (b) Frontmatec Tandslet A/S (incorporated in Denmark);
- (c) Frontmatec Skive A/S (incorporated in Denmark);
- (d) Frontmatec Kolding A/S (incorporated in Denmark);
- (e) Frontmatec GmbH (incorporated in Germany);
- (f) Frontmatec Hygiene GmbH (incorporated in Germany);
- (g) Frontmatec Inc. (incorporated in USA); and
- (h) Equipments Frontmatec Inc. (incorporated in Canada).

Transaction Security

Subject to the Intercreditor Agreement and applicable limitation language, as continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer and the relevant Group Companies has granted the Transaction Security to the Bondholders (as represented by the Agent), the Agent and the other Secured Parties.

On the date of this Prospectus, the obligations of the Issuer and the Guarantors under the Bonds, are secured by the following:

- (a) security over all of the shares in:
 - (i) the Issuer (incorporated in Denmark) governed by Danish law;
 - (ii) Frontmatec Tandslet A/S (incorporated in Denmark) governed by Danish law;
 - (iii) Frontmatec Skive A/S (incorporated in Denmark) governed by Danish law;
 - (iv) Frontmatec Kolding A/S (incorporated in Denmark) governed by Danish law;
 - (v) Frontmatec GmbH (incorporated in Germany) governed by German law;
 - (vi) Frontmatec Hygiene GmbH (incorporated in Germany) governed by German law;
 - (vii) Frontmatec Inc. (incorporated in Missouri, USA) governed by the laws of the State of New York; and
 - (viii) Frontmatec Equipment Inc. (incorporated in Quebec, Canada) governed by the laws of Canada;
- (b) the Danish law governed security granted by Frontmatec Tandslet A/S in respect of (i) a first priority mortgage (in Danish: *underpant*) over a fourth ranking DKK 3,000,000 owner's mortgage deed (in Danish: *ejerpantebrev*) originally dated 12 July 1989 registered over title no. 276 Tandslet Ejerlaug, Tandslet located at Mommarksvej 293, DK-6470, (ii) a fifth ranking DKK 2,500,000 all monies mortgage deed (in Danish: *skadesløsbrev*) originally dated 24 June 1999 registered over title no. 276 Tandslet Ejerlaug, Tandslet located at Mommarksvej 293, DK-6470 and (iii) a first ranking DKK

	<p>37,700,000 floating charge registered in respect of certain assets of Frontmatec Tandslet A/S;</p> <p>(c) the Danish law governed security granted by Frontmatec Kolding A/S regarding a first ranking DKK 15,000,000 floating charge registered in respect of certain assets of Frontmatec Kolding A/S; and</p> <p>(d) the Danish law governed security granted by the Issuer of its rights under any Structural Intra-Group Loans.</p> <p>The pledged security does not necessarily represent the market value of the underlying assets and hence it does not provide an idea to which extent the underlying assets cover the obligations to the Bondholders.</p>
Ranking of Transaction Security and Guarantees ..	<p>Unless expressly provided to the contrary in the Intercreditor Agreement, the Transaction Security and the Guarantees have been granted with first priority ranking in respect of the Super Senior Debt and the Senior Debt, <i>pari passu</i> between the Super Senior Debt and the Senior Debt, but subject always to the allocation of proceeds provision as set out in Clause 15 (<i>Application of Recoveries</i>) of the Intercreditor Agreement.</p>
Role of Security Agent	<p>The Security Agent shall hold the Transaction Security and the Guarantees on behalf of the Secured Parties in accordance with the Security Documents, the Guarantee Agreement and the Intercreditor Agreement.</p>
Intercreditor Agreement ..	<p>The terms of the Intercreditor Agreement governing the relationship between the Secured Parties are summarised in “<i>Description of material contracts</i>”.</p>
Voluntary total redemption (call option) ..	<p>The Issuer may redeem all, but not some only, of the outstanding Bonds in full:</p> <p>(a) on any Business Day prior to the First Call Date, at an amount per Bond equal to the Make Whole Amount together with accrued but unpaid interest;</p> <p>(b) on any Business Day falling on or after the First Call Date to, but excluding, the first Business Day falling 36 months after the First Issue Date, at an amount per Bond equal to 104 per cent. of the Nominal Amount, together with accrued but unpaid interest;</p> <p>(c) on any Business Day falling on or after the first Business Day falling 36 months after the First Issue Date to, but excluding, the first Business Day falling 48 months after the First Issue Date, at an amount per Bond equal to 102.5 per cent. of the Nominal Amount, together with accrued but unpaid interest;</p> <p>(d) on any Business Day falling on or after the first Business Day falling 48 months after the First Issue Date to, but not including, the first Business Day falling 54 months after the First Issue Date, at an amount per Bond equal to 101 per cent. of the Nominal Amount, together with accrued but unpaid interest; and</p> <p>(d) on any Business Day falling on or after the first Business Day falling 54 months after the First Issue Date to, but not including, the Final Maturity Date, at an amount per Bond equal to 100.50 per cent. of the Nominal Amount, together with accrued but unpaid interest.</p>
Special redemption	<p>The Issuer may upon the occurrence of a Change of Control Event redeem all, but not some only, of the outstanding Bonds in full on a date determined by the Issuer. The Bonds shall be redeemed at a price equal to 104 per cent. of the Nominal Amount (or, if lower, the call option amount set out in <i>Voluntary total redemption (call option)</i> above), together with any accrued but unpaid interest on the redeemed amount.</p>

Voluntary partial redemption.....	<p>Provided that a Change of Control Event has not occurred, the Issuer may redeem the Bonds on one occasion per each twelve (12) month period (without carry-back or carry forward) in a maximum cumulative amount not exceeding ten (10) per cent. of the total aggregate amount of the Initial Bonds, at a price equal to 103 per cent. of the Nominal Amount (or, if lower, the call option amount set out in <i>Voluntary total redemption (call option)</i> above for the relevant period) together with any accrued but unpaid Interest on the redeemed amounts. Partial redemption shall reduce the aggregated Nominal Amount of Bonds held by each Bondholder on a pro rata basis.</p>
Voluntary partial redemption upon an Equity Claw Back (call option)	<p>The Issuer may, provided that the Bonds have been and remain listed on Nasdaq Copenhagen or any other Regulated Market and that at least 60 per cent of the aggregate amount of the Initial Bonds remain outstanding, on one or more occasion in connection with an Equity Listing Event, redeem in part up to 40 per cent. of the total aggregate Nominal Amount of the Bonds outstanding from time to time at a price equal to 103 per cent. of the Nominal Amount (or, if lower, the call option amount set out in <i>Voluntary total redemption (call option)</i> above for the relevant period, together with any accrued but unpaid interest on the redeemed amount.</p> <p>Partial redemption shall reduce the aggregated Nominal Amount of Bonds held by each Bondholder on a pro rata basis.</p> <p>The repayment must occur on an Interest Payment Date within 180 days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such offering (net of fees, charges and commissions actually incurred in connection with such offering and net of taxes paid or payable as a result of such offering).</p>
Voluntary total redemption due to illegality (call option)	<p>The Issuer may redeem all, but not some only, of the outstanding Bonds at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest on a date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.</p>
Mandatory repurchase due to a Change of Control Event, Listing Failure or Delisting.....	<p>Upon the occurrence of a Change of Control Event, Listing Failure or Delisting, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event, Listing Failure or Delisting (as applicable). See “<i>Terms and Conditions of the Bonds</i>”.</p>
Certain Covenants	<p>The Terms and Conditions contain a number of covenants which restrict, subject to exceptions set out in the Terms and Conditions, the ability of the Issuer and other Group Companies to, <i>inter alia</i>:</p> <ul style="list-style-type: none"> (a) pay any dividends on shares; (b) repurchase any of its own shares; (c) redeem its share capital or other restricted equity with repayment to shareholders; (d) make any payments in relation to the Shareholder Debt (as defined in the Intercreditor Agreement); (e) pay management fees to direct and indirect shareholders of the Issuer in excess of DKK 7,000,000 in aggregate in each financial year; or (f) make other distributions (in Danish: <i>udlodninger</i>) within the meaning of the Danish Companies Act or transfers of value to its direct or indirect shareholders,

Use of Proceeds.....	<p>The net proceeds from the Initial Bond Issue have been or will be applied by the Issuer towards:</p> <p>(a) firstly:</p> <p>(i) repayment of principal and payment of accrued but unpaid interest and other costs and fees under or in relation to the Existing Financing; and</p> <p>(ii) payment of a cash dividend by the Issuer to the Parent (for the further distribution of a cash dividend in that amount by the Parent to Frontmatec Holding II ApS on the same day) equal to the amount of the repayment of principal and payment of interest and payment of accrued but unpaid interest and other costs and fees under or in relation to the PIK Toggle Facility Agreement, and application of such amount by Frontmatec Holding II ApS against repayment in full of the PIK Toggle Facility Agreement;</p> <p>(b) secondly, finance Transaction Costs; and</p> <p>(c) thirdly, general corporate purposes of the Group (including acquisitions).</p> <p>The Net Proceeds from any Subsequent Bond Issue shall be applied by the Issuer towards general corporate purposes of the Group (including acquisitions).</p>
Transfer Restrictions	<p>The Bonds are freely transferrable. Bondholders 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 Bondholder may be subject. Each Bondholder must ensure compliance with local laws and regulations applicable at its own cost and expense. The Bonds have not been and will not be registered, and transfers of the Bonds may be restricted, in the United States, Australia, Japan, Canada, or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.</p>
Brokerage fees and/or other costs	<p>The Issuer will not charge any fees or expenses to the Bondholders. Bondholders may however be subject to brokerage fees and/or other costs charged by their own account-holding banks. Such fees and costs shall be of no concern to the Issuer.</p>
Listing.....	<p>Application has been made to Nasdaq Copenhagen A/S for the Bonds to be listed on the official list of Nasdaq Copenhagen A/S and to be admitted to trading on Nasdaq Copenhagen A/S' regulated market.</p>
Agent	<p>Nordic Trustee A/S.</p>
Security Agent.....	<p>Nordic Trustee A/S.</p>
Governing Law of the Bonds.....	<p>Danish law.</p>
Risk Factors.....	<p>Investing in the Bonds involves substantial risks and prospective investors should refer to “<i>Risk Factors</i>” for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.</p>

DOCUMENTS INCORPORATED BY REFERENCE

Exemptions from disclosure requirements

The Danish Financial Supervisory Authority as competent authority pursuant to the Prospectus Regulation has on 30 April 2020 authorised the omission from this Prospectus of certain disclosure requirements pursuant to article 18 of the Prospectus Regulation. According to the decision, the Issuer is not required to disclose separate financial information regarding the Guarantors as otherwise required pursuant to item 3 of Annex 21 of Commission Delegated Regulation (EU) 2019/980. Accordingly, this Prospectus does not incorporate audited financial information for the past two financial years for each of the Guarantors. The authority has been granted on the basis that the consolidated financial statements relating to the Issuer are considered sufficient in order for a potential investor to make an informed assessment of the financial position, and prospects of the Issuer and the Guarantors and that the financial statements of the individual Guarantors are considered to be of minor importance to the specific admission to trading.

Financial reporting and documents incorporated by reference

The following information in the relevant documents which have previously been published shall be incorporated in, and form part of, this Prospectus:

- (a) of the auditors' report and audited consolidated annual financial statements for the financial year ended 31 December 2019 of the Issuer (available from the Issuer's website at https://www.frontmatec.com/media/4984/annual_frontmatec-group-aps-2019.pdf), the information set out at the following pages:

Section	Page(s)
Audit Report	3-5
Consolidated income statement 1 January – 31 December	18
Consolidated Statement of Financial Position	19-20
Consolidated Statement of Changes in Equity	21
Consolidated Cash Flow Statement	22
Notes to the Consolidated Financial Statements.....	23-61

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Delegated Regulation;

- (b) of the auditors' report and audited consolidated annual financial statements for the financial year ended 31 December 2018 of the Issuer (available from the Issuer's website at https://www.frontmatec.com/media/3578/annual_frontmatec-group-aps-2018.pdf), the information set out at the following pages:

Section	Page(s)
Audit Report	3-5
Consolidated income statement 1 January – 31 December	15
Consolidated Statement of Financial Position	16-17
Consolidated Statement of Changes in Equity 1 January – 31 December	18

Consolidated Cash Flow Statement	19
Notes to the Consolidated Financial Statements.....	20-57

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Delegated Regulation;

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus and, for the avoidance of doubt, unless expressly incorporated by reference into this Prospectus, information contained on any websites referred to herein does not form part of this Prospectus.

TERMS AND CONTIONS OF THE BONDS

FRONTMATEC

Terms and Conditions

Up to EUR 250,000,000

SENIOR SECURED FLOATING RATE BONDS 2019/2024

ISIN: DK0030452263

8 October 2019

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 this document or any other material relating to the Issuer or the Bonds in any jurisdiction where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.

*Neither the Bonds nor the Guarantees have been or will be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction in the United States. Accordingly, the Bonds may not be offered, sold (directly or indirectly), delivered or otherwise transferred within or into the United States or to, or for the account or benefit of, U.S. Persons, absent registration or under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. As used herein, the terms "United States" and "U.S. person" have the meanings as given to them in Rule 902 of Regulation S under the Securities Act.*

Until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

1 Definitions and Construction

1.1 Definitions

In these terms and conditions:

"Account Operator" means a bank or other party duly authorised to operate as an account operator (in Danish: *kontoførende institut*) pursuant to the Danish Capital Markets Act and through which a Bondholder has opened a Securities Account in respect of its Bonds.

"Accounting Principles" means Danish accounting principles, including international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

"Additional Amounts" shall have the meaning given to such term in Clause 14.14 (*Taxation*).

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

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

"Affiliate" means (i) an entity controlling or under common control with the Issuer, other than a Group Company, and (ii) any other person or entity owning any Bonds (irrespective of whether such person is directly registered as owner of such Bonds) that has undertaken towards a Group Company or an entity referred to in item (i) to vote for such Bonds in accordance with the instructions given by a Group Company or an entity referred to in item (i). For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

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

"Agent" means Nordic Trustee A/S (Danish company registration no. (CVR-No.) 34 70 57 20), Bredgade 30, DK-1260 Copenhagen K, Denmark, as agent or another party replacing it as agent in each case in accordance with these Terms and Conditions.

"Axcel" means Axcel IV K/S (Danish company registration no. (CVR-No.): 32 90 65 16), Ax Management Invest K/S (Danish company registration no. (CVR-No.) 32 90 66 72), Ax Management Invest II K/S (Danish company registration no. (CVR-No.): 32 90 66 56) and Axcel IV K/S 2 (Danish company registration no. (CVR-No.): 33 42 65 69).

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

"Bondholder" means a person who is registered on a Securities Account as direct registered owner (in Danish: *obligationsejer*) or nominee (in Danish: *nominee*) with respect to a Bond.

"Bondholders' Meeting" means a meeting among the Bondholders held in accordance with Clause 18 (*Bondholders' Meeting*).

"**Bonds**" means a debt instrument (in Danish: *obligation*) for the Nominal Amount and which is governed by and issued by the Issuer under the Terms and Conditions and a "**Bond**" means each of them.

"**Bonds Agent**" shall have the meaning given to such term in the Intercreditor Agreement.

"**Business Day**" means a day on which banks in Denmark are open for business and on which both the CSD's settlement system is open and which is a TARGET Day.

"**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.

"**Change of Control Event**" means:

- (a) prior to an Equity Listing Event, the occurrence of an event or series of events whereby one or more persons (other than Axcel), acting in concert, acquire control over the Issuer and where "control" means acquiring or controlling, directly or indirectly, more than 50 per cent. of the total voting rights represented by the shares of the Issuer (being votes which are capable of being cast at general meetings of shareholders); and
- (b) on and after an Equity Listing Event, the occurrence of an event or series of events whereby one or more persons (other than Axcel), acting in concert, acquire control over the Issuer and where "control" means acquiring or controlling, directly or indirectly, more than 30 per cent. of the total voting rights represented by the shares of the Issuer (being votes which are capable of being cast at general meetings of shareholders).

"**Completion Date**" means the date of the Agent's approval of the disbursements of the proceeds from the Escrow Account.

"**Compliance Certificate**" means a statement to the Agent substantially in the form as set out in Schedule 1 (*Form of Compliance Certificate*) hereto and signed by the Issuer.

"**Condition Subsequent Guarantor**" means (i) Frontmatec GmbH, incorporated under the laws of the Germany with company registration number HRB 17657; (ii) Frontmatec - Hygiene GmbH, incorporated under the laws of the Germany with company registration number HRB 7458; (iii) Frontmatec Inc., incorporated under the laws of the United States of America with company registration number 01135848, and (iv) Équipements Frontmatec Inc., incorporated under the laws of Canada with company registration number 114687 16231.

"**Conflicting Enforcement Instructions**" shall have the meaning given to such term in the Intercreditor Agreement.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially VP SECURITIES A/S, Danish company registration no. (CVR-No.) 21 59 93 36, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark.

"**Danish Capital Markets Act**" means the Danish act on capital markets etc. (in Danish: *lov om kapitalmarkeder mv.*), Consolidated Act No. 377 of 2 April 2019 (as amended and/or replaced from time to time).

"**Danish Companies Act**" means the Danish companies act (in Danish: *selskabsloven*), Consolidated Act No. 763 of 23 July 2019 (as amended and/or replaced from time to time).

"**Danish Limitations Act**" means the Danish act on limitation of claims (in Danish: *forældelsesloven*), Consolidated Act No. 1238 of 9 November 2015 as amended and/or replaced from time to time.

"**Delisting**" means, following an Equity Listing Event, the delisting of the shares in the Issuer or any of its holding companies, as applicable, from a Regulated Market.

"**DKK**" or "**Danish Kroner**" means Danish kroner, the lawful currency of Denmark.

"**EBITDA**" means, in respect of the Relevant Period, the consolidated net income of the Issuer, on a rolling twelve (12) months basis, according to the latest Financial Reports:

- (a) before deducting any amount of tax on profits, gains or net income paid or payable by any Group Company;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account:
 - (i) any extraordinary or exceptional items up to an amount of 10% of EBITDA in any Relevant Period; and
 - (ii) costs incurred in the period from 1 July 2018 to 30 June 2019 up to an aggregate amount of EUR 12.7m, which covers costs incurred in the period from 1 July 2018 to 31 December 2018 up to an aggregate of EUR 9.0m, and costs incurred in the period from 1 January 2019 to 30 June 2019 up to an aggregate amount of EUR 3.7m, related to, *inter alia*, acquisition and restructuring costs including the closing of a manufacturing site in Borculo (NL), relocation of production from Kolding (DK) to Tandslet (DK) and Sibiu (RO) and termination of outsourced activities in Mexico, as well as costs to external consultants related to the 2019 exit process;
- (d) before taking into account any Transaction Costs and any transaction costs relating to any acquisition of any additional target company;
- (e) not including any accrued interest owing to any Group Company;
- (f) excluding the effects from purchase price allocations under IFRS;
- (g) before deducting reasonable costs related to the establishment and maintenance of the Management Incentive Scheme and non-cash expenses related to the Management Incentive Scheme made under IFRS;
- (h) 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 accounting basis);
- (i) 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;
- (j) 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;
- (k) plus or minus the Group's share of the profits or losses of entities which are not part of the Group
- (l) after adding any amounts claimed under loss of profit, business interruption or equivalent insurance, provided that it is reasonably likely (determined in good faith by the management of the Issuer after its best assessment) that the Group will be entitled to receive insurance proceeds under such insurance claims; and

- (m) after adding back any amount attributable to the amortisation, depreciation, impairment or depletion of assets of members of the Group.

"Enforcement Action" shall have the meaning given to such term in the Intercreditor Agreement.

"Equity Listing Event" means an offering of shares in the Issuer or any of its holding companies whether initial or subsequent to a public offering, resulting in shares allotted becoming quoted, listed, traded or otherwise admitted to trading on a Regulated Market.

"Escrow Account" means a bank account of the Issuer held with Nordea Danmark, Filial af Nordea Bank Abp, Finland, into which the proceeds from the Initial Bonds will be transferred and which has been pledged in favour of the Agent and the Bondholders (represented by the Agent) under the Escrow Account Pledge Agreement

"Escrow Account Pledge Agreement" means the pledge agreement entered into between the Issuer and the Agent in respect of a first priority pledge over the Escrow Account and all funds held on the Escrow Account from time to time, granted in favour of the Bondholders (it being noted that unlike other Transaction Security, the pledge over the Escrow Account and all funds held on it will only secure the obligations under or in connection with the Bonds).

"EURIBOR" means:

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

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

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

"Event of Default" means an event or circumstance specified in any of the Clauses 15.1 (*Non-payment*) to and including 15.10 (*Issuer wholly owned by Parent*).

"Existing Financing" means the facility or facilities (i) under the multicurrency facilities agreement dated 26 August 2016 as amended and restated pursuant to an amendment and restatement agreement dated 12 October 2016, an addendum no. 1 dated 20 December 2016, an amendment and restatement agreement dated 5 July 2017, and addendum no. 1 dated 22 February 2018, an addendum no. 2 dated 14 September 2018 and an addendum no. 3 dated 21 May 2019 between the Issuer, the Parent and certain other Group Companies as borrowers and guarantors, Nordea Danmark, filial af Nordea Bank Abp, Finland and Nykredit Bank A/S as original lenders and joint mandated loan arrangers and Nordea Danmark, filial af Nordea Bank Abp, Finland as agent, (ii) the credit line agreement dated 3 June 2019 between the Issuer as borrower and Nordea Danmark, Filial af Nordea Bank Abp, Finland as lender, and (iii) the overdraft credit agreement dated 21 May 2019 between the Issuer as borrower and Nykredit Bank A/S as lender.

"Final Maturity Date" means the date falling five years after the First Issue Date.

"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) other than Transaction Costs and capitalised costs related to the Existing Financing, capitalised interest in respect of any loan owing to any Group Company or any shareholder loan and taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.

"Finance Documents" means these Terms and Conditions, the Security Documents, the Escrow Account Pledge Agreement, the Guarantee Agreement, the Intercreditor Agreement, the Agency Agreement and any other document designated by the Issuer and the Agent (on behalf of itself and the Bondholders) as a Finance Document.

"Financial Indebtedness" means any indebtedness in respect of:

- (a) moneys borrowed (including under any bank financing or debt capital market instruments);
- (b) any acceptance under any acceptance credit or bill discounting facility (or materialized equivalent);
- (c) any amount raised pursuant to any note purchase facility or the issue of any bond or note or similar instrument;
- (d) the amount of any liability under any Finance Lease;
- (e) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (f) any other transaction (including the obligation to pay deferred purchase price) having the commercial effect of a borrowing or otherwise being classified as borrowing under the Accounting Principles;
- (g) the marked-to-market value of derivative transactions entered into in connection with protection against, or in order to benefit from, the fluctuation in any rate or price (if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (h) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution; and
- (i) without double-counting, liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs (a) to (g) above.

"Finance Lease" means any lease or hire purchase contract which would in accordance with the Accounting Principles be treated as a balance sheet liability.

"Financial Report" means the Issuer's annual audited consolidated financial statements or quarterly interim, consolidated unaudited reports of the Issuer, which shall be prepared and made available according to Clauses 12.1(a)(i) and 12.1(a)(ii).

"First Call Date" means the date falling 24 months after the First Issue Date.

"First Issue Date" means 10 October 2019.

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

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

"Guarantee" means the guarantees created pursuant to the Guarantee Agreement.

"Guarantee Agreement" means the guarantee and adherence agreement entered into between the Issuer, the Guarantors and the Agent pursuant to which certain secured obligations will be guaranteed by the Guarantors.

"Guarantors" means each Original Guarantor, each Condition Subsequent Guarantor, and any further Group Company which accedes to the Guarantee Agreement as a guarantor in accordance with these Terms and Conditions.

"Hedging Agreement" shall have the meaning given to such term in the Intercreditor Agreement.

"Hedging Obligations" shall have the meaning given to such term in the Intercreditor Agreement.

"Holding Company" means in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"Incurrence Test" means the test set out in Clause 13.1 (*Incurrence Test*).

"Incurrence Test Event" means an event contemplated by (i) paragraphs (f) and (p) of the definition of "Permitted Debt", (ii) Clause 2(d) and (iii) Clause 14.1 (*Restricted Payments*).

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

"Intra-Group Debt" means:

- (a) debts between Group Companies (other than the Parent) which are incurred in the ordinary course of business between Group Companies (other than the Parent);
- (b) debts between Group Companies (other than the Parent) which are incurred through participation in cash management or cash pooling arrangements with any of the Original Lenders or Affiliates thereof;
- (c) any loan made by a Guarantor (other than the Parent) to another Guarantor (other than the Parent), or in the period of ninety (90) days following the Completion Date, to a Material Company, provided that if such loan is a Structural Intra-Group Loan that it becomes subject to Transaction Security;
- (d) any loan made by a Guarantor (other than the Parent) to a Group Company (other than Jining) which is not a Guarantor, provided that:
 - (i) the aggregate amount of the Financial Indebtedness under any such loans does not exceed DKK 30,000,000 (or its equivalent) at any time, and
 - (ii) if such loan is a Structural Intra-Group Loan, that it becomes subject to Transaction Security;
- (e) any loan made by the Issuer to Jining, provided that the aggregate amount of the Financial Indebtedness under any such loans does not exceed RMB 150,000,000 (or its equivalent) at any time;
- (f) any loan made by a Group Company which is not a Material Company to another Group Company (other than the Parent), provided that:
 - (i) such loan is not guaranteed by a Guarantor;
 - (ii) if required under the Intercreditor Agreement, the Group Company granting such loan accedes to the Intercreditor Agreement as an Intercompany Creditor;
- (g) debt permitted by paragraph (a) of the definition of "Permitted Payment"; and

- (h) in addition to paragraphs (a) to (g) above and not in excess of DKK 20,000,000 (or its equivalent) in aggregate for all Group Companies (other than the Parent and Jining) at any time.

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

"Insolvent" means, in respect of a relevant person, that it is deemed to be insolvent or admits inability to pay its debts as they fall due, suspends or declares that it will suspend making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with its creditors (other than the Bondholders, the creditors of Senior Debt, the creditors of New Debt or the creditors of Super Senior Debt) with a view to rescheduling any of its indebtedness or is subject to involuntary winding-up, dissolution or liquidation.

"Insolvency Event" shall have the meaning given to such term in the Intercreditor Agreement.

"Instructing Party" shall have the meaning given to such term in the Intercreditor Agreement.

"Intercreditor Agreement" means the intercreditor agreement entered into between, amongst other, the Issuer, the lenders under the Super Senior RCF, the facility agent under the Super Senior RCF, the hedge counterparties to the Hedging Agreements and the Agent (representing the Bondholders).

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

"Interest Cover Ratio" means the ratio of EBITDA to Net Finance Charges, calculated in accordance with Clause 13.2 (*Calculation of Interest Cover Ratio*).

"Interest Payment Date" means 10 January, 10 April, 10 July and 10 October of 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. The first Interest Payment Date for the Bonds shall be 10 January 2020 and the last Interest Payment Date shall be the Final Maturity Date (or any Redemption Date prior thereto).

"Interest Period" means:

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

"Interest Rate" means EURIBOR plus the Margin.

"Issue Date" means the First Issue Date and any subsequent issue date on which Bonds are issued.

"Issuer" means Frontmatec Group ApS, a private limited liability company incorporated under the laws of Denmark with Danish company registration no. (CVR-No.) 37 77 37 43 and having its registered address at Platinvej 8 DK-6000, Kolding, Denmark.

"Issuing Agent" means Nordea Bank Abp, company registration number 2858394-9, as Issuing Agent or another party replacing it as Issuing Agent.

"Jining" means Frontmatec Jining Co., Ltd., a limited liability company incorporated under the laws of PRC and address at No.11 Industrial Garden, Huangtun town, Jining High & New Tech. Development Zone, Shandong, R.R. 272100, PRC.

"Joint Bookrunners" means Nordea Bank Abp, company registration number 2858394-9, and Nykredit Bank A/S with Danish company registration no. (CVR-No.) 10 51 96 08 acting as joint bookrunners.

"Legal Reservations" means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims and defences of set-off or counterclaim;
- (c) similar principles, rights and defences under the laws of any relevant jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations (howsoever described) as to matters of law of general application in a legal opinion delivered under these Terms and Conditions.

"Leverage Ratio" means the ratio of Net Interest Bearing Debt to EBITDA, calculated in accordance with Clause 13.3 (*Calculation of Leverage Ratio*).

"Listing Failure" means a failure to list the Initial Bonds within twelve (12) months after the First Issue Date on Nasdaq Copenhagen or any other Regulated Market.

"LTM EBITDA" means with respect to any entity or business to be acquired by the Issuer or any other Group Company, earnings before interest, tax, depreciation and amortisation (in each case calculated on the same basis as EBITDA) for the 12 month period (on an actual basis) prior to the date of a proposed acquisition of that entity or business.

"Make Whole Amount" means an amount equal to:

- (a) an amount per Bond equal to 104 per cent. of the Nominal Amount; plus
- (b) all remaining scheduled interest payments on the Bonds until 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 5.75 per cent. equal to the Interest Rate on the First Issue Date), less any accrued but unpaid Interest up to the relevant redemption date, and where "relevant record date" shall mean a date agreed upon between the Agent, the CSD and the Issuer in connection with such redemption.

"Management Incentive Scheme" the management incentive scheme in Frontmatec Holding II ApS, Danish company registration no. (CVR-No.) 37857599 (as amended from time to time) for the management and certain other employees of the Group.

"Margin" means 5.75 per cent. p.a.

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

- (a) the business or financial condition of the Group taken as a whole;
- (b) the ability of the Issuer and the Guarantors (taken as a whole and taking into account resources available elsewhere in the Group) to perform their payment obligations under the Finance Documents; or
- (c) subject to the Legal Reservations, the validity or enforceability of any Finance Document to an extent which is materially adverse to the interests of the holders of Bonds under the Bonds Finance Documents taken as a whole.

"Material Company" means (i) the Issuer, (ii) each Original Guarantor, (iii) each Group Company holding shares in a Guarantor and (vi) any Group Company (other than Jining) which has consolidated earnings before interest, tax, depreciation and amortisation calculated on the same basis as EBITDA, representing seven point

five per cent. (7.5%) or more of EBITDA, or has gross assets or turnover representing seven point five per cent. (7.5%) or more of the gross assets or turnover of the Group (calculated on a consolidated basis).

"Minimum Trading Unit" has the meaning set forth in Clause 2(b) (*Status of the Bonds*).

"Nasdaq Copenhagen" means Nasdaq Copenhagen A/S' regulated market.

"Nasdaq Copenhagen A/S" means Nasdaq Copenhagen A/S, Danish company registration no. (CVR-No.) 19 04 26 77, Nikolaj Plads 6, DK-1067 Copenhagen C, Denmark.

"Net Finance Charges" means, for the Relevant Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Relevant Period to any Group Company and any interest income relating to cash or cash equivalent investment (and excluding any interest capitalised on shareholder loans).

"Net Interest Bearing Debt" means the aggregate interest bearing debt less cash and cash equivalents of the Group (excluding the Parent) in accordance with the applicable Accounting Principles of the Issuer from time to time (for the avoidance of doubt, including Finance Leases, but excluding guarantees, bank guarantees, shareholder loans, any claims subordinated pursuant to the Intercreditor Agreement and interest bearing debt borrowed from any Group Company).

"Net Proceeds" means the proceeds from a Bond Issue after deduction has been made for the Transaction Costs.

"New Debt" shall have the meaning given to such term in the Intercreditor Agreement.

"Nominal Amount" has the meaning set forth in Clause 2(b) (*Status of the Bonds*).

"Original Guarantors" means the Parent, the Issuer, Frontmatec Tandslet A/S, CVR-no. 14 30 71 84, Frontmatec Skive A/S, CVR-no. 73 51 80 16 and Frontmatec Kolding A/S, CVR-no. 76 54 76 10.

"Original Super Senior RCF" means the DKK 350,000,000 super senior revolving credit facility agreement entered into between, among others, the Issuer and Nordea Danmark, Filial af Nordea Bank Abp, Finland and Nykredit Bank A/S dated on or about the date of these Terms and Conditions.

"Parent" means Frontmatec Holding I ApS, a private limited liability company incorporated under the laws of Denmark with Danish company registration no. (CVR-No.) 37 85 77 69 and having its registered address at Platinvej 8, DK-6000 Kolding, Denmark.

"Payment Block Event" shall have the meaning given to such term in the Intercreditor Agreement.

"Payment Instructions" shall have the meaning given to such term in Clause 4.1(b)(c)(ix).

"Permitted Debt" means any Financial Indebtedness:

- (a) incurred under the Initial Bonds;
- (b) up until and including the Completion Date, incurred under the Existing Financing;
- (c) arising (i) under Finance Leases in relation to buildings or premises used by a member of the Group in the ordinary course of business or (ii) arising under any other Finance Leases in a maximum amount of up to DKK 20,000,000 (or its equivalent in any other currency);
- (d) incurred under a Super Senior RCF in an amount not exceeding the Super Senior Headroom;

- (e) incurred under any Hedging Agreements;
- (f) incurred as Shareholder Debt;
- (g) incurred by the Issuer if such Financial Indebtedness meets the Incurrence Test tested pro forma including such incurrence, and
 - (i) is incurred as a result of a Subsequent Bond Issue, or
 - (ii) ranks *pari passu* or is subordinated to the obligations of the Issuer under the Bonds, and has a final redemption date or, when applicable, early redemption dates or instalment dates which occur on or after the Final Maturity Date, in each case subject to the Intercreditor Agreement;
- (h) arising as a result of a contemplated refinancing of the Bonds in full provided that such debt is held in escrow until full repayment of the Bonds;
- (i) which constitutes Intra-Group Debt;
- (j) arising under a commodity derivative for spot or forward delivery entered into in connection with protection against fluctuation in or prices where the exposure arises in the ordinary course of business, but not any transaction for investment or speculative purposes;
- (k) obligations which are covered by a guarantee issued under the Super Senior RCF up to an amount not exceeding the Super Senior Headroom;
- (l) incurred under Advance Purchase Agreements;
- (m) which is non-interest bearing and created in the ordinary course of trading;
- (n) incurred in the ordinary course of business by any Group Company under any pension and tax liabilities;
- (o) arising under loans or credits to the Issuer or the Parent to fund the acquisition of an interest in the Management Incentive Scheme, provided that the principal amount of such loans or credits does not exceed DKK 13,125,000 (or its equivalent) in aggregate in each financial year;
- (p) arising under the export VAT scheme with the Danish tax authorities (in Danish: *eksportmomsordningen*);
- (q) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holding indebtedness, provided that the Incurrence Test is met, tested pro forma including the acquired entity in question and provided that any such acquired debt is refinanced by the Issuer or any other Group Company within six (6) months;
- (r) arising under any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability in the ordinary course of business of a Group Company;
- (s) any trade credit received (including for the avoidance of doubt but not limited to any liability under any advance or deferred purchase agreement) by any Group Company from any of its trading partners in the ordinary course of its trading activities (on normal commercial terms);
- (t) debt incurred by the Parent and made available by a Holding Company of the Parent to enable the Parent to make a Shareholder Loan or cash equity contribution to the Issuer, in each case, to the extent subordinated to the liabilities of the Parent under the Finance Documents;

- (u) in respect of any counter-indemnity obligation arising under any guarantee which is not restricted under these Terms and Conditions;
- (v) arising under the Canadian Facilities and any Financial Indebtedness incurred as a result of a refinancing or replacement thereof up to an aggregate amount of CAD 400,000 under an operating credit, CAD 400,000 under a derivatives line and CAD 500,000 under a credit card facility;
- (w) arising in connection with mortgage credit loans which is secured by a mortgage or charge over such real property as outlined in Schedule 2 (*Group Real Property*) hereto) granted in favour of a mortgage credit institution or bank offering mortgage credit loans, provided that such loan, on the date of that loan being granted, falls within the statutory loan to value limits as specified in the Danish Mortgage-Credit Loan and Mortgage-Credit Bonds etc. Act and/or the Danish Financial Business Act, and in aggregate does not exceed DKK 21,000,000 (or its equivalent) at any time;
- (x) arising under a declaration of joint and several liability used for the purpose of section 2:403 Dutch Civil Code (and any residual liability under such declaration arising pursuant to section 2:404(2) Dutch Civil Code);
- (y) arising by way of a Permitted Factoring;
- (z) arising under local Chinese credit facilities of up to RMB 33,000,000 made available to Jining for the purpose of financing general corporate purposes of Jining, provided that no Group Company (other than any subsidiary of Jining) guarantees or grants any security for any such credit facilities, and
- (aa) in addition to paragraphs (a) to (y) above, which is not in excess of an aggregate amount equal to the greater of DKK 20,000,000 (or its equivalent in any other currency) and seven point five per cent. (7.50%) of EBITDA for the Relevant Period ending on the most recent Quarter Date outstanding at any time for the Group taken as a whole.

"Permitted Factoring" means any recourse or non-recourse sales or disposals pursuant to factoring, receivables financings, securitisations or similar arrangements on arm's length terms provided that:

- (a) if such arrangements are on a recourse basis, the maximum aggregate amount of cash consideration for such receivables which have been sold or disposed of and which remain outstanding (other than as a result of a default by the relevant debtor) does not (without double counting) pursuant to such factoring, receivables financing, securitisation or similar arrangements (other than where recourse pursuant to such arrangements is limited to indemnities, warranties and/or security which are in each case customary in the context of non-recourse factoring) exceed DKK 50,000,000 (or its equivalent in any other currency); and
- (c) if such arrangements are on a non-recourse basis, the aggregate value of receivables sold, assigned or transferred and not settled or fallen due at no time exceeds DKK 100,000,000 (or its equivalent in any other currency).

"Permitted Loan" means:

- (a) deposits of cash equivalent assets with financial institutions for cash management purposes or in the ordinary course of business
- (b) normal trade credit and prepayment of suppliers in the ordinary course of trading activities;
- (c) cash balances maintained with reputable banks and financial institutions;
- (d) guarantees undertaken in the ordinary course of business;

- (e) any Intra-Group Debt;
- (f) loans or credits to the Issuer or the Parent to fund the acquisition of an interest in the Management Incentive Scheme, provided that the principal amount of such loans or credits does not exceed DKK 13,125,000 (or its equivalent in any other currency) in aggregate in each financial year; and
- (g) in addition to paragraphs (a) to (e) above, loans made and credits granted in an aggregate not exceeding DKK 9,000,000 (or its equivalent in any other currency) for the Group taken as a whole.

"Permitted Payment" means:

- (a) any Restricted Payment made to the Issuer or a wholly-owned Subsidiary of the Issuer or, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a pro rata basis; and/or
- (b) any payment to Frontmatec Holding III ApS (or to the Parent or Frontmatec Holding II ApS, in each case for the purpose of onward payment to Frontmatec Holding III ApS) by any member of the Group to enable Frontmatec Holding III ApS to make payments in respect of tax then due and payable in its capacity as administration company for the Group taxation;
- (c) by application of proceeds from the Initial Bonds, payment of cash dividend by the Issuer to the Parent (for the further distribution of a cash dividends in that amount by the Parent to Frontmatec Holding II ApS equal to the amount of repayment of principal and payment of interest and payment of accrued but unpaid interest and other costs and fees outstanding under or in relation to the PIK Toggle Facility Agreement, and application of such amount by Frontmatec Holding II ApS against repayment in full of amounts outstanding under and in relation to the PIK Toggle Facility Agreement;

(provided that no Event of Default has occurred and is continuing):

- (d) payments by any Group Company, including the Issuer and the Parent, of up to an amount not exceeding DKK 13,125,000 (or its equivalent in other currencies) in aggregate for the Group in each financial year, to fund the purchase of any participation in the Management Incentive Scheme provided that the aggregate amount paid for all such participations and still held by the Group immediately after such payment shall not exceed an aggregate amount of DKK 26,250,000 and/or to make other compensation payments to departing management not relating to such departing person's employment agreement; and
- (e) payment by Group Companies of, and/or, the payment of a dividend by the Issuer to the Parent and/or from the Parent to its direct or indirect Holding Company to enable the Parent or such direct or indirect Holding Company to make payment of:
 - (i) ordinary salary payments to management, other payments to management made in accordance with the terms of their employment contracts and reasonable fees (including consulting fees) to board members;
 - (ii) tax, professional fees, regulatory and administrative costs; and
 - (iii) provided that the Bonds have been redeemed in full, an exit fee;

provided that the aggregate amount of all payments under paragraph (d) (other than (d)(iii) which shall not be limited in amount) shall not exceed an amount of DKK 7,000,000 in each financial year (increasing each year in line with the development in the Danish retail price index) and shall not constitute Permitted Payments if an Event of Default is continuing or would occur as a result of such payments.

"Permitted Security" means any Security which is:

- (a) up until and including the Completion Date, provided under the Existing Financing;
- (b) any Security created under the Security Documents or otherwise permitted pursuant to the Intercreditor Agreement;
- (c) arising by operation of law and in the ordinary course of trading;
- (d) over goods or documents of title to goods arising in the ordinary course of documentary credit transactions;
- (e) short term and created as a retention of title by a seller in connection with the purchase of goods;
- (f) any payment or close out netting or set-off arrangement entered into by any Group Company (other than the Parent) (including for the purpose of netting debit and credit balances) pursuant to transactions in the ordinary course of business;
- (g) any netting or set-off arrangement entered into by any Group Company in connection with any transaction permitted pursuant to paragraph (i) of the definition of "Permitted Debt";
- (h) any payment or close out netting or set-off arrangement entered into by any Group Company pursuant to the general terms and conditions of any bank or any Security over bank accounts arising under clause 24 or clause 25 of the general terms and conditions (*algemene bankvoorwaarden*) of any member of the Dutch Bankers' Association (*Nederlandse Vereniging van Banken*) or under the general terms and conditions of banks or Sparkassen (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*) in Germany with which any Group Company arranges its ordinary banking business;
- (i) a Security over or affecting any asset of any company which becomes a Group Company on or after the Completion Date where the Security is created prior to the date on which that company becomes a Group Company, if:
 - (i) the Security is not created in contemplation of the acquisition of that company;
 - (ii) the principal amount of that Security has not been increased in contemplation of or since the acquisition of that company; and
 - (iii) the Security is removed or discharged within six (6) months of that company becoming a Group Company;
- (j) created in the form of a pledge over an escrow account to which the proceeds incurred in relation to a refinancing of the Bonds in full are intended to be received;
- (k) created for the benefit of the financing providers in relation to a refinancing of the Bonds in full, however provided always that any perfection requirements in relation thereto are satisfied after repayment of the Bonds in full (other than with respect to an escrow account (if applicable) which may be perfected in connection with the incurrence of such debt);
- (l) created under the Escrow Account Pledge Agreement;
- (m) arising as a consequence of any Finance Lease (including sale-and-lease-back) permitted pursuant to paragraph (b) of the definition of "Permitted Debt";
- (n) created as security for the Financial Indebtedness permitted pursuant to paragraph (v) of the definition of "Permitted Debt" over the property set out in Schedule 2 (*Group Real Property*) hereto;

- (o) in the form of a movable hypothec in favour of MLemieux Inc. on industrial distribution machines located on the property of FRONTMATEC EQUIPMENT INC. (f.k.a. G.E. Leblanc Inc.) identified as DM-811/serial number 133125213212 and DM-812/serial number 133125813212;
- (p) arising by operation of law in respect of taxes being contested in good faith (and not otherwise constituting an Event of Default);
- (q) arising in connection with a Permitted Factoring, provided that such security is customary in the context of factoring arrangements and shall not include security over shares in a member of the Group or a floating business charge;
- (r) securing obligations pursuant to and/or created in order to comply with the requirements of Section 8a of the German Altersteilzeitgesetz and Section 7e of the Fourth Book of the German Social Security Code (SGB IV);
- (s) provided by Jining and securing obligations for the Financial Indebtedness permitted pursuant to paragraph (y) of the definition of "Permitted Debt"; and
- (t) securing Permitted Debt referred to under paragraphs (c), (d), (f), (g)(ii), (i), (p), (u) and (z) of the definition of "Permitted Debt".

"PIK Toggle Facility Agreement" means the PIK toggle facility agreement dated 29 August 2016 as amended on 1 November 2016, 8 August 2017, 13 March 2018, 17 September 2018 and 21 May 2019 between Frontmatec Holding II ApS (registration no. 37857599) as borrower, Danica Pension, Livsforsikringsaktieselskab (registration no. 24256146) and Capital Four – Strategic Lending Fund K/S (registration no. 36901667) as lenders and Nordic Trustee A/S (registration no. 34705720) as agent.

"Quarter Date" means 31 March, 30 June, 30 September and 31 December.

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

"Record Date" means the date on which a Bondholder's ownership of Bonds shall be recorded in the CSD as follows:

- (a) in relation to payments pursuant to these Terms and Conditions, the date designated as the Record Date in accordance with the rules of the CSD from time to time; and
- (b) for the purpose of casting a vote in a Bondholders' Meeting, the date falling two preceding Business Days to the date of that Bondholders' Meeting being held or any other date designated by the Agent.

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

"Regulated Market" means Nasdaq Copenhagen and any other regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive (Directive 2004/39/EC) or the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as applicable.

"Relevant Period" means each period of 12 consecutive calendar months ending on the last day of the period covered by the Financial Report as of the most recent Quarter Date prior to the relevant testing date for which the Financial report has been published.

"RMB" means the lawful currency of the Peoples Republic of China.

"Schedule" means each of the schedules to these Terms and Conditions.

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

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

"Security Agent" means the security agent holding the Transaction Security on behalf of the Senior Secured Parties, being Nordic Trustee A/S on the First Issue Date.

"Security Documents" means:

- (a) first priority shares pledge agreement whereby all of the shares of the Issuer are pledged by the Parent in favour of the Security Agent as security for the due and punctual fulfilment of the Senior Secured Obligations;
- (b) a first priority shares pledge agreement whereby all of the shares of each Original Guarantor (other than the Parent) are pledged by the relevant shareholder in favour of the Security Agent as security for the due and punctual fulfilment of the Senior Secured Obligations;
- (c) a security agreement regarding (i) a first priority mortgage (Da: "*underpant*") over a fourth ranking DKK 3,000,000 owner's mortgage deed (Da: "*ejerpantebrev*") originally dated 12 July 1989 registered over title no. 276 Tandslet Ejerlaug, Tandslet located at Mommarksvej 293, DK-6470, (ii) a fifth ranking DKK 2,500,000 all monies mortgage deed (Da: "*skadesløsbrev*") originally dated 24 June 1999 registered over title no. 276 Tandslet Ejerlaug, Tandslet located at Mommarksvej 293, DK-6470 and (iii) a first ranking DKK 37,700,000 floating charge (to be replaced by a new mortgage in the same amount and subject to the same terms and conditions) dated 15 September 2016 registered in respect of certain assets of Frontmatec Tandslet, each pledged or granted as security, as applicable, by Frontmatec Tandslet A/S in favour of the Security Agent as security for the due and punctual fulfilment of the Senior Secured Obligations;
- (d) a security agreement regarding a first ranking DKK 15,000,000 floating charge (to be replaced by a new mortgage in the same amount and subject to the same terms and conditions) dated 8 September 2016 registered in respect of certain assets of Frontmatec Kolding A/S, granted by Frontmatec Kolding A/S in favour of the Security Agent as security for the due and punctual fulfilment of the Senior Secured Obligations;
- (e) a first priority assignment by the Issuer of its rights under any Structural Intra-Group Loans (which shall be provided on an unperfected basis entitling the Issuer to receive payments until (i) an Event of Default has occurred and (ii) notice is given by the Security Agent to the relevant debtor that payments to be made by the relevant debtor under such Structural Intra-Group Loan shall be paid to an account designated by the Security Agent);
- (f) first priority shares pledge agreements whereby all of the shares of each Material Company are pledged by the relevant shareholder in favour of the Security Agent as security for the due and punctual fulfilment of the Senior Secured Obligations; and
- (g) any subsequent Security entered into by any member of the Group creating or expressed to create Security over all or any part of its assets in respect of the obligations under the Senior Finance Documents.

"Senior Agent" shall have the meaning given to such term in the Intercreditor Agreement.

"Senior Finance Documents" shall have the meaning given to such term in the Intercreditor Agreement.

"Senior Secured Obligations" shall have the meaning given to such term in the Intercreditor Agreement.

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

"Shared Security" means the Security created under the Security Documents, being the Security over which the creditors under the Super Senior RCF, the creditors under any New Debt, the hedge counterparties under the Hedging Agreements, the Security Agent, the Bondholders (represented by the Agent) and the Agent are granted Security.

"Shareholder Debt" shall have the meaning given to such term in the Intercreditor Agreement.

"Spanish Company" means Aira Robotics, S.L. with a Spanish NIF no. 77739934A and with a registered address at Carrer del Fons, plot 7, warehouse 1, industrial park La Cort, 08261 Cardona (Barcelona), Spain.

"Structural Intra-Group Loans" means any loans granted by the Issuer to any Group Company (other than Jining) from time to time (i) with a principal amount in excess of DKK 10,000,000 (or the equivalent in other currencies at the date of establishment or increase of such loan) and (ii) with a term or actual duration of more than 12 months.

"Subsequent Bond Issue" shall have the meaning given to such term in Clause 2(d) (*Status of the Bonds*).

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

"Subsidiary" means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

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

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

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

"TARGET Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system is open for the settlement of payments in euro.

"Terms and Conditions" means these terms and conditions, including all Schedules hereto which shall form an integrated part of the Terms and Conditions, in each case as amended and/or supplemented from time to time.

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

"Transaction Costs" means all fees, costs and expenses incurred by a Group Company in connection with costs in relation to acquisitions or investments, costs in relation to capital markets transactions, a Bond Issue, the Original Super Senior RCF, the Hedging Agreements, the Transaction Security and the admission to trading of the Bonds (including but not limited to fees to the Joint Bookrunners and the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds).

"Transaction Security" means the Security provided for the Senior Secured Obligations pursuant to the Security Documents.

"Written Procedure" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 19 (*Written Procedure*).

1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
 - (i) "**assets**" includes present and future properties, revenues and rights of every description;
 - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (iii) a "**regulation**" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (iv) a provision of law is a reference to that provision as amended or re-enacted; and
 - (v) a time of day is a reference to Copenhagen time.
- (b) When ascertaining whether a limit or threshold specified in Danish Kroner or Euro (as applicable) 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 Danish Kroner or Euro (as applicable) for the previous Business Day, as published by the Danmarks Nationalbank on its website (www.nationalbanken.dk) (with respect to Danish Kroner) and the European Central Bank (www.ecb.europa.eu) (with respect to Euro). If no such rate is available, the most recently published rate shall be used instead.
- (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within the European Economic Area promptly and in a non-discriminatory manner.
- (d) No delay or omission of the Agent, the Security Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.
- (e) An Event of Default being "continuing" means that it has not been remedied or waived, provided that following any action taken by the Agent pursuant to Clause 15.11 (*Acceleration of the Bonds*), an Event of Default is "continuing" if it has not been waived.
- (f) Any amount incurred or transaction undertaken on the basis of an EBITDA Basket shall (provided that such amount or transaction is, at the time of incurrence or undertaking, duly and properly incurred or undertaken in accordance with the relevant EBITDA Basket) be treated as having been duly and properly incurred or undertaken without the occurrence of an Event of Default even in the event that such EBITDA Basket subsequently decreases by virtue of that calculation. For purposes of this paragraph (e), "**EBITDA Basket**" means any basket, test or permission where an element is determined by reference to EBITDA as set out in paragraph (z) of the definition of "Permitted Debt".

2 Status of the Bonds

- (a) The Bonds are denominated in Euro and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The nominal amount of each Initial Bond is EUR 0.01 (the "**Nominal Amount**"). The maximum total nominal amount of the Initial Bonds is EUR 175,000,000. Each Bond in the CSD, will be registered with a minimum trading unit of EUR 100,000 (the "**Minimum Trading Unit**"), meaning that the Bonds

can only be traded in portions having an aggregated nominal amount of EUR 100,000 or, if greater, an even multiple of EUR 0.01. If, as a result of a partial redemption of Bonds (as specified in Clause 9.5 (*Voluntary partial redemption*) and Clause 9.6 (*Voluntary partial redemption upon an Equity Claw Back (call option)*)) or trading of Bonds, a Bondholder holds Bonds in a Nominal Amount less than the Minimum Trading Unit, the Bondholder would not be able to trade such Bonds without first purchasing a principal amount of Bonds at or in excess of the Minimum Trading Unit such that the aggregate Nominal Amount held by the Bondholder is equal to at least the Minimum Trading Unit. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.

- (d) The minimum permissible investment in a Bond Issue is EUR 100,000.
- (e) The Issuer may, at one or several occasions after the First Issue Date, issue Subsequent Bonds (each such issue, a "**Subsequent Bond Issue**"), until the total aggregate amount under such Subsequent Bond Issue(s) and the Initial Bond Issue equals EUR 250,000,000 less any amounts repaid under Clause 9.5 (*Voluntary partial redemption*) and Clause 9.6 (*Voluntary partial redemption upon an Equity Claw Back (call option)*), always provided that the Incurrence Test (tested pro forma including such issue) is met. Any Subsequent Bonds shall benefit from and be subject to these Terms and Conditions and the other Finance Documents, and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount and the Final Maturity applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at a discount or at a premium compared to the Nominal Amount. Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 8(a), and otherwise have the same rights as the Initial Bonds.
- (f) The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* with (i) the Super Senior Debt and the New Debt pursuant to the Intercreditor Agreement, but will following an Enforcement Action receive proceeds distributable by the Security Agent only after the Super Senior Debt has been repaid in full, and (ii) all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.
- (g) The Bonds may not be offered, sold (directly or indirectly), delivered or otherwise transferred within or into the United States or to, or for the account or benefit of, U.S. Persons, absent registration or under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. As used herein, the terms "United States" and "U.S. person" have the meanings as given to them in Rule 902 of Regulation S under the U.S. Securities Act of 1933, as amended.
- (h) Except as described in Clause 2(f) and further subject to any restrictions to which a Bondholder may be subject due to local law or otherwise, the Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions as applicable from time to time under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with local laws and regulations applicable at their own cost and expense.
- (i) 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 Denmark, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

3 Use of Proceeds

- (a) Upon release from the Escrow Account, the amount standing to the credit on the Escrow Account shall be applied by the Issuer towards:
 - (i) firstly:

- (A) repayment of principal and payment of accrued but unpaid interest and other costs and fees under or in relation to the Existing Financing; and
- (B) payment of a cash dividend by the Issuer to the Parent (for the further distribution of a cash dividend in that amount by the Parent to Frontmatec Holding II ApS on the same day) equal to the amount of the repayment of principal and payment of interest and payment of accrued but unpaid interest and other costs and fees under or in relation to the PIK Toggle Facility Agreement, and application of such amount by Frontmatec Holding II ApS against repayment in full of the PIK Toggle Facility Agreement;
- (ii) secondly, finance Transaction Costs; and
- (iii) thirdly, general corporate purposes of the Group (including acquisitions).
- (b) The Net Proceeds from any Subsequent Bond Issue shall be applied by the Issuer towards general corporate purposes of the Group (including acquisitions and/or refinancing).

4 Conditions Precedent

4.1 Conditions precedent to Initial Bond Issue

- (a) The Issuer shall prior to the First Issue Date deliver the following documents in form and substance satisfactory to the Agent:
 - (i) copies of constitutional documents of the Issuer;
 - (ii) copies of necessary corporate resolutions (including authorisations) from the Issuer;
 - (iii) a duly executed copy of these Terms and Conditions;
 - (iv) a duly executed copy of the Agency Agreement;
 - (v) a duly executed Escrow Account Pledge Agreement together with all perfection requirements being fulfilled; and
 - (vi) legal opinions on the capacity, due execution, validity and enforceability of these Terms and Conditions, the Agency Agreement and the Escrow Account Pledge Agreement issued by reputable law firm(s).
- (b) When the Agent is satisfied that it has received the conditions precedent to the First Issue Date pursuant to Clause 4.1(a) above, the Agent shall instruct the Issuing Agent to promptly transfer the proceeds from the Initial Bonds to the Escrow Account. The Escrow Account will be blocked and pledged by the Issuer in favour of the Bondholders (as represented by the Agent) under the Escrow Account Pledge Agreement. The pledge over the Escrow Account shall be immediately released when the conditions precedent for disbursement have been received or waived by the Agent pursuant to Clause 4.1(b) below.
- (c) The Agent's approval of disbursement from the Escrow Account is subject to receipt of the following documents and other evidence in form and substance satisfactory to the Agent:
 - (i) confirmation that the Original Super Senior RCF has been executed;
 - (ii) a copy of the executed Intercreditor Agreement;
 - (iii) a copy of the executed Security Documents set out in paragraphs (a) to (d) of the definition of "Security Documents";

- (iv) evidence that all documents, that shall be delivered to the Security Agent pursuant to the Security Documents mentioned in sub-paragraph (iii) above have been (or will be immediately following repayment of the Existing Financing) delivered in accordance with the terms of each such Security Document;
 - (v) the Guarantee Agreement executed by all Original Guarantors;
 - (vi) any other executed Finance Document;
 - (vii) constitutional document and necessary corporate resolutions (approving the relevant Finance Documents and authorising a signatory/-ies to execute the Finance Documents) for each Original Guarantor (other than the Issuer) and Frontmatec GmbH, together constituting evidence that the Finance Documents have been duly executed;
 - (viii) a release letter (including a delivery undertaking) entered into by the relevant parties under the Existing Financing confirming that the Security and guarantees in respect of the Existing Financing will be discharged upon repayment;
 - (ix) a funds flow statement signed by the Issuer to include the amount required to repay the Existing Financing (including all accrued but unpaid interest, break costs and other fees) on the Completion Date (the "**Payment Instructions**");
 - (x) a list of the Material Companies as per the First Issue Date;
 - (xi) legal opinions on the capacity, due execution, validity and enforceability of the Finance Documents (other than as set in Clause 4.2(a) below) issued by a reputable law firm; and
 - (xii) such other documents and information as is agreed between the Agent and the Issuer.
- (d) The Agent does not have any obligation to review the documents and evidence delivered pursuant to Clause 4.1(a) or Clause 4.1(b) above from a legal or commercial perspective of the Bondholders. The Agent may assume that the documentation and evidence delivered to it is accurate, legally valid, enforceable, correct, true and complete and the Agent does not have to verify or assess the contents of any such documentation.
- (e) When the conditions precedent for disbursement set out in Clause 4.1(b) have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall immediately instruct the bank (with which the Issuer holds the Escrow Account) to promptly transfer the funds from the Escrow Account in accordance with the Payment Instruction, and the Agent shall thereafter or in connection therewith release the pledge over the Escrow Account.
- (f) If the conditions precedent for disbursement set out in Clause 4.1(b) have not been fulfilled on or before sixty (60) calendar days following the First Issue Date, the Issuer shall redeem all Bonds at a price equal to 100 per cent. of the Nominal Amount together with any accrued but unpaid interest. The Agent may fund the redemption with the amounts standing to the credit on the Escrow Account. Any funds distributed by the Agent to the Bondholders in accordance with the Escrow Account Pledge Agreement shall be deemed to be paid by the Issuer for the redemption under this Clause 4.1(e).
- (g) A redemption pursuant to Clause 4.1(e) shall be made by the Issuer giving notice to the Bondholders and the Agent promptly following the date when the requirement to redeem the Bonds is triggered pursuant to Clause 4.1(e). The Issuer shall redeem the Bonds in full at the applicable amount on a date specified in the notice from the Issuer, such date to fall no later than ten (10) Business Days after the effective date of the notice.

- (h) The Agent, acting in its reasonable discretion, may waive the deadline or the requirements for documentation set out in this Clause 4.1, or decide in its discretion that delivery of certain documents as set out in this Clause 4.1 shall be made subject to an agreed closing procedure between the Agent and the Issuer.

4.2 Conditions subsequent to Initial Bond Issue

- (a) The Issuer shall as soon as practically possible and no later than sixty (60) calendar days following the Completion Date procure that the following is delivered to the Agent:
 - (i) constitutional document and necessary corporate resolutions (approving the relevant Finance Documents and, if applicable, authorising a signatory/-ies to execute the Finance Documents) for:
 - (A) each Condition Subsequent Guarantor; and
 - (B) each other Group Company which is a party to any of the Security Documents mentioned in sub-paragraph (ii) below or other Finance Documents,together constituting evidence that the Finance Documents to which each such Condition Subsequent Guarantor or other Group Company is a party have been duly executed;
 - (ii) copies of the relevant Security Documents pursuant to paragraph (e) of the definition of "Security Documents" with respect to the shares in each Condition Subsequent Guarantor, duly executed and evidence that such Transaction Security either has been or will be perfected in accordance with the Finance Documents;
 - (iii) evidence that all documents, that shall be delivered to the Security Agent pursuant to the Security Documents listed in sub-paragraph (ii) above, have been delivered in accordance with the terms of each such Security Document;
 - (iv) duly executed accession letters to the Guarantee Agreement and the Intercreditor Agreement in respect of each Condition Subsequent Guarantor;
 - (v) legal opinions on the capacity, due execution, validity and enforceability of any conditions subsequent Finance Document issued by reputable law firms; and
 - (vi) such other documents and information as is agreed between the Agent and the Issuer.
- (b) The Agent does not have any obligation to review the documents and evidence delivered pursuant to Clause 4.2(a) above from a legal or commercial perspective of the Bondholders. The Agent may assume that the documentation and evidence delivered to it is accurate, legally valid, enforceable, correct, true and complete and the Agent does not have to verify or assess the contents of any such documentation.

4.3 Conditions precedent to a Subsequent Bond Issue

The Issuer shall prior to the Issue Date of a Subsequent Bond Issue deliver the following to the Agent:

- (a) copies of constitutional documents of the Issuer;
- (b) copies of necessary corporate resolutions (including authorisations) from the Issuer; and
- (c) a Compliance Certificate as set out in Clause 12.1(f).

5 Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Danish Capital Markets Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) The Issuer and the Agent to the extent permitted under applicable regulations, shall be entitled to obtain information on demand from the debt register 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.
- (c) The Issuing Agent and the Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (d) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

6 Right to Act on Behalf of a Bondholder

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

7 Payments in Respect of the Bonds

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds requested by a Bondholder pursuant to these Terms and Conditions, shall be made to such person who is registered as a Bondholder on a Securities Account on the Record Date immediately preceding the relevant payment date.
- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 8(d) during such postponement.

- (d) If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware that the payment was being made to a person not entitled to receive such amount.

8 Interest

- (a) Each Initial Bond carries Interest at the Interest Rate from (and including) the First Issue Date up to (but excluding) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (and including) the Interest Payment Date falling immediately prior to its issuance up to (but excluding) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (d) If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is one per cent. higher than the Interest Rate for such Interest Period. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent, the Issuing Agent or the CSD, in which case the Interest Rate shall apply instead.
- (e) Pursuant to the terms of the Intercreditor Agreement, following the occurrence of a Payment Block Event and for as long as it is continuing, no payment of principal or interest in respect of the Bonds shall be made to the Bondholders. However, interest shall continue to accrue during such period and any overdue amounts shall carry default interest pursuant to Clause 8(d). For the avoidance of doubt, the failure to repay principal or pay interest on a due date shall constitute an Event of Default.

9 Redemption and Repurchase of the Bonds

9.1 Redemption at maturity

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

9.2 Purchase of Bonds by the Issuer

The Issuer or any of its Subsidiaries may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way provided that if purchases are made through a tender offer, the possibility to tender must be made available to all Bondholders on equal terms (though the Issuer may decide to not make the tender available to investors in certain jurisdictions such as the US). The Bonds held by the Issuer or any Subsidiary pursuant to this Clause 9.2 may at its discretion be retained or sold but may not be cancelled.

9.3 Voluntary total redemption (call option)

The Issuer may redeem all, but not some only, of the outstanding Bonds in full at:

- (a) on any Business Day prior to the First Call Date, at an amount per Bond equal to the Make Whole Amount together with accrued but unpaid Interest;

- (b) on any Business Day falling on or after the First Call Date to, but excluding, the first Business Day falling 36 months after the First Issue Date, at an amount per Bond equal to 104 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- (c) on any Business Day falling on or after the first Business Day falling 36 months after the First Issue Date to, but excluding, the first Business Day falling 48 months after the First Issue Date, at an amount per Bond equal to 102.50 per cent. of the Nominal Amount, together with accrued but unpaid Interest; and
- (d) on any Business Day falling on or after the first Business Day falling 48 months after the First Issue Date to, but excluding, the first Business Day falling 54 months after the First Issue Date, at an amount per Bond equal to 101 per cent. of the Nominal Amount, together with accrued but unpaid Interest; and
- (e) on any Business Day falling on or after the first Business Day falling 54 months after the First Issue Date to, but excluding, the Final Maturity Date, at an amount per Bond equal to 100.50 per cent. of the Nominal Amount, together with accrued but unpaid Interest.

9.4 Special redemption

The Issuer may upon the occurrence of a Change of Control Event redeem all, but not some only, of the outstanding Bonds in full on a date determined by the Issuer. The Bonds shall be redeemed at a price equal to 104 per cent. of the Nominal Amount (or, if lower, the call option amount set out in Clause 9.3 (*Voluntary total redemption (call option)*)), together with any accrued but unpaid interest on the redeemed amount.

9.5 Voluntary partial redemption

Provided that a Change of Control Event has not occurred, the Issuer may redeem the Bonds on one occasion per each twelve (12) month period (without carry-back or carry forward) in a maximum cumulative amount not exceeding ten (10) per cent. of the total aggregate amount of the Initial Bonds, at a price equal to 103 per cent. of the Nominal Amount (or, if lower, the call option amount set out in Clause 9.3 (*Voluntary total redemption (call option)*)) above for the relevant period) together with any accrued but unpaid Interest on the redeemed amounts. Partial redemption shall reduce the aggregated Nominal Amount of Bonds held by each Bondholder on a *pro rata* basis.

9.6 Voluntary partial redemption upon an Equity Claw Back (call option)

- (a) The Issuer may, provided that the Bonds have been and remain listed on Nasdaq Copenhagen or any other Regulated Market and that at least 60 per cent of the aggregate amount of the Initial Bonds remain outstanding, on one or more occasion in connection with an Equity Listing Event, redeem in part up to 40 per cent. of the total aggregate Nominal Amount of the Bonds outstanding from time to time at a price equal to 103 per cent. of the Nominal Amount (or, if lower, the call option amount set out in Clause 9.3 (*Voluntary total redemption (call option)*)) for the relevant period), together with any accrued but unpaid Interest on the redeemed amount.
- (b) Partial redemption shall reduce the aggregated Nominal Amount of Bonds held by each Bondholder on a *pro rata* basis.
- (c) The repayment must occur on an Interest Payment Date within 180 calendar days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such offering (net of fees, charges and commissions actually incurred in connection with such offering and net of taxes paid or payable as a result of such offering).

9.7 Voluntary total redemption due to illegality (call option)

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

9.8 Redemption notice

Redemption in accordance with Clauses 9.3 (*Voluntary total redemption (call option)*) to and including 9.7 (*Voluntary total redemption due to illegality (call option)*) shall be made by the Issuer giving not less than twenty (20) Business Days' notice prior to the relevant Redemption Date to the Bondholders and the Agent and in accordance with the instructions of the Issuer or the Issuing Agent, as applicable. Any such notice is irrevocable and, upon expiry of such notice, the Issuer is bound to redeem the Bonds in full with the applicable amounts.

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

- (a) Upon the occurrence of a Change of Control Event, Listing Failure or Delisting, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event, Listing Failure or Delisting (as applicable), pursuant to Clause 12.1(d) (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control, Listing Failure or Delisting (as applicable).
- (b) The notice from the Issuer pursuant to Clause 12.1(d) shall specify the Redemption Date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the Redemption Date specified in the notice given by the Issuer pursuant to Clause 12.1(d). The Redemption Date must fall no later than forty (40) Business Days after the end of the period of twenty (20) Business Days referred to in Clause 9.9(a) above, unless non-payment:
 - (i) is caused by technical or administrative error; and
 - (ii) is remedied within five (5) Business Days from the due date.
- (c) If Bonds representing more than 75 per cent. of the Total Nominal Amount of the Bonds have been repurchased as a result of a Change of Control Event, Listing Failure or Delisting, the Issuer is entitled to repurchase all the remaining outstanding Bonds at the price stated in Clause 9.9(a) by notifying the remaining Bondholders of its intention to do so no later than fifteen (15) Business Days after the latest possible repurchase date as set out in Clause 9.9(a) above. Such prepayment may occur at the earliest on the tenth (10th) Business Day following the date of such notice.

9.10 General

- (a) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9 by virtue of the conflict.

- (b) Any Bonds repurchased by the Issuer pursuant to this Clause 9 (other than Clause 9.9 (*Mandatory repurchase due to a Change of Control Event, Listing Failure or Delisting (put option)*)) may at the Issuer's discretion be retained or sold, but may not be cancelled.
- (c) Any Bonds repurchased by the Issuer pursuant to Clause 9.9 (*Mandatory repurchase due to a Change of Control Event, Listing Failure or Delisting (put option)*) may at the Issuer's discretion be retained, sold or cancelled.
- (d) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Agent shall be responsible to ensure compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.
- (e) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Terms and Conditions (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

10 Transaction Security and Guarantees

- (a) Subject to the Intercreditor Agreement and applicable limitation language, as continuing Security for the due and punctual fulfilment of the Senior Secured Obligations, the Issuer and the relevant Group Companies grants on or before the dates set out in Clause 4 (*Conditions Precedent*) the Transaction Security in favour of the Security Agent on behalf of the Bondholders and the other Senior Secured Parties.
- (b) Subject to the Intercreditor Agreement and applicable limitation language, each Guarantor will once entered into or acceded to the Guarantee Agreement, as principal obligor, pursuant to the Guarantee Agreement guarantee the punctual fulfilment by the Issuer of the payment obligations under the Senior Finance Documents.
- (c) The Security Agent shall hold the Transaction Security and the Guarantees on behalf of the Senior Secured Parties in accordance with the Security Documents, the Guarantee Agreement and the Intercreditor Agreement.
- (d) The Agent shall be entitled to give instructions (on behalf of the Bondholders) relating to the Transaction Security and the Guarantees to the Security Agent in accordance with the Intercreditor Agreement.
- (e) Unless and until the Security Agent has received instructions from the Instructing Party to the contrary, the Security Agent shall (without first having to obtain any Senior Secured Party's consent), be entitled to enter into agreements with an ICA Group Company or a third party or take any other actions, if it is, in the Security Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security and the Guarantee, creating further Security or guarantees for the benefit of the Senior Secured Parties or for the purpose of settling the Senior Secured Parties or the ICA Group Companies' rights to the Transaction Security, in each case in accordance with the terms of the Senior Finance Documents and provided that such agreements or actions are not detrimental to the interests of the Senior Secured Parties.
- (f) The Security Agent is authorised and may execute on behalf of any Senior Secured Party, in each case without any need for further deferral to or authority from such Senior Secured Party, any release of the Guarantees or the Security created by any Security Document, to the extent that such release is made in accordance with the terms and conditions of the Senior Finance Documents. Any Transaction Security or Guarantee to be released in accordance with the Intercreditor Agreement will be released *pro rata* between the Senior Secured Parties and the remaining Transaction Security will continue to rank as

between the Senior Secured Parties as set forth in the Security Documents and the Intercreditor Agreement.

11 Priority of the Super Senior RCF and Hedging Obligations

The relationship between the Bondholders, the creditors under the New Debt, the creditors in respect of the Super Senior RCF and the Hedging Agreements is governed by the Intercreditor Agreement, which, among other things, implements the following principles:

(a) *Payment Block Event – payments*

Following a Payment Block Event and for as long as it is continuing, no payments may be made by the Issuer to the Bondholders under or in relation to the Bonds (notwithstanding any other provisions to the contrary herein). For the avoidance of doubt, the failure by the Issuer to timely make any payments due under the Bonds shall constitute an Event of Default and the unpaid amount shall carry default interest pursuant to Clause 8(d).

(b) *Payment Block Event – repurchases*

Following a Payment Block Event and for as long as it is continuing, no repurchases of Bonds may be made by the Issuer or any Group Company. For the avoidance of doubt, the failure by the Issuer to timely repurchase the Bonds shall constitute an Event of Default and the unpaid amount carry default interest pursuant to Clause 8(d).

(c) *Priority of the Super Senior RCF and Hedging Obligations in case of insolvency*

In the case of an Insolvency Event of an ICA Group Company, the Bonds will be subordinated to the Super Senior RCF and the Hedging Obligations, in accordance with the terms of the Intercreditor Agreement.

(d) *Priority of the Super Senior RCF and Hedging Obligations in case of Enforcement Act etc.*

In case of an Enforcement Action, including enforcement of the Shared Security, any enforcement proceeds will be applied towards payment of fees, costs, expenses and indemnities payable to, *inter alia*, the Security Agent, the Issuing Agent, the Senior Agent and the Bonds Agent and repayment of the Super Senior RCF and the Hedging Obligations, before any enforcement proceeds will be applied towards redemption of the Bonds.

(e) *Consultation period before enforcement of Shared Security*

If Conflicting Enforcement Instructions are provided by the Agent and the agent under the Super Senior RCF, the Agent and the agent under the Super Senior RCF must enter into consultations for a period of maximum 30 calendar days as set out in the Intercreditor Agreement (unless the Transaction Security or the Guarantees have become enforceable as a result of an Insolvency Event or such consultation is waived by the Agent and the agent under the Super Senior RCF).

12 Information to Bondholders

12.1 Information from the Issuer

- (a) The Issuer shall make the following information available in the English language by publication on the website of the Issuer:

- (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the annual audited consolidated financial statements for that financial year of the Issuer prepared in accordance with the Accounting Principles; and
 - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter ending on 31 March, 30 June and 30 September, the quarterly unaudited consolidated reports of the Issuer prepared in accordance with the Accounting Principles.
- (b) The Issuer shall hold quarterly investor conference calls where Bondholders and other interested parties can engage with the Issuer's management. The Issuer shall use best efforts to conduct such calls as soon as possible after the publication or other distribution of each Financial Report. The quarterly investor conference calls shall otherwise be conducted in a manner deemed appropriate by the Issuer.
- (c) The Issuer shall make such other information required by the Danish Capital Markets Act and the rules and regulations of the Regulated Market on which the Bonds are admitted to trading available in the English language by publication on the Issuer's website.
- (d) The Issuer shall, at the request of the Agent, report the balance of the Issuer's Bonds (to the knowledge of the Issuer).
- (e) The Issuer shall immediately notify the Agent and the Bondholders upon becoming aware of the occurrence of a Change of Control Event, Listing Failure or Delisting, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice.
- (f) When the Financial Report and other information are made available to the Bondholders pursuant to Clause 12.1(a), the Issuer shall send copies of such Financial Report and other information to the Agent.
- (g) The Issuer shall submit a Compliance Certificate to the Agent:
 - (i) upon the occurrence of an Incurrence Test Event; and
 - (ii) in connection with the publication or other distribution of the Financial Report under Clauses 12.1(a)(i) above to evidence the Group Companies that are Material Companies.
- (h) The Issuer shall immediately notify the Agent upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- (i) The Issuer is only obliged to inform the Agent according to this Clause 12.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 12.1.

- (j) When and for as long as the Bonds are listed, the Financial Reports mentioned in Clause 12.1(a) above shall be prepared in accordance with IFRS and made available in accordance with the Danish Capital Markets Act and the rules and regulations of Regulated Market on which the Bonds are listed and admitted to trading.

12.2 Information from the Agent

Subject to the restrictions of any applicable law and regulation, the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

12.3 Publication of Finance Documents

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.
- (b) The latest version of the Intercreditor Agreement, the Security Documents and all other Finance Documents shall be available for inspection by the Bondholders at the office of the Agent during the Agent's normal business hours. The Agent may charge the requesting Bondholder a reasonable administrative fee for making Finance Documents available.

13 FINANCIAL UNDERTAKINGS

13.1 Incurrence Test

The Incurrence Test is met if:

- (a) the Leverage Ratio in respect of any Relevant Period is:
 - (i) until and including the day falling one year after the First Issue Date, equal to or less than 4.75x;
 - (ii) from and excluding the day falling one year after the First Issue Date to and including the day falling two years after the First Issue Date, equal to or less than 4.25x;
 - (iii) thereafter, equal to or less than 4.00x;
- (b) the Interest Cover Ratio is at least:
 - (i) until and including the day falling two years after the First Issue Date, 2.50x; and
 - (ii) thereafter, 3.00x; and
- (c) no Event of Default is continuing or would occur upon the incurrence of the new Financial Indebtedness or Restricted Payment (as applicable).

13.2 Calculation of Interest Cover Ratio

The calculation of the Interest Cover Ratio shall be made for a twelve (12) month period ending on the last day of the period covered by the Financial Report as of the most recent Quarter Date for which the Financial Report has been published.

13.3 Calculation of Leverage Ratio

Leverage Ratio shall be calculated as follows:

- (a) the calculation shall be made as per a testing date (however, for EBITDA, in accordance with Clause 13.4 (*Adjustments to EBITDA*) below) determined by the Issuer, falling no more than one month prior the relevant member of the Group (i) legally committing to undertake the event relevant for the application of the Incurrence Test or (ii) completing the event relevant for the application of the Incurrence Test; and
- (b) the amount of Net Interest Bearing Debt shall be measured on the relevant testing date, but include any new Financial Indebtedness, but exclude any Financial Indebtedness to the extent refinanced with the new Financial Indebtedness incurred (however, any cash balance resulting from the incurrence of any new Financial Indebtedness shall not reduce the Net Interest Bearing Debt).

13.4 Adjustments to EBITDA

- (a) The figures for EBITDA set out in the Financial Report as of the most recent Quarter Date (including when necessary, financial statements published before the First Issue Date), shall be used, but adjusted as set out in paragraph (a) below.
- (b) The calculation of ratios shall include or exclude, as applicable, entities or businesses acquired or disposed of (i) during a Relevant Period or (ii) after the end of the Relevant Period but before the relevant testing date, for the entire period for which the financial covenant or ratio is calculated (however without double counting). In the case of a disposal, EBITDA shall be adjusted for the Relevant Period by excluding the operating profit before interest, tax, depreciation, amortisation and impairment charges (calculated on the same basis as EBITDA) attributable to any member of the Group (or to any business or assets) disposed of during the Relevant Period for that part of the Relevant Period. Further, in the case of an acquisition, EBITDA shall be adjusted for the Relevant Period by including the operating profit before interest, tax, depreciation, amortisation and impairment charges (calculated on the same basis as EBITDA) of a member of the Group (or attributable to a business or assets) acquired during the Relevant Period for that part of the Relevant Period prior to it becoming a member of the Group (or as the case may be) prior to the acquisition of the business or assets. This calculation shall be made taking into account any reasonable cost savings and synergies projected by the Issuer and certified by a director of the Issuer (amounting to maximum ten per cent. (10%) of the acquired LTM EBITDA for the Relevant Period) as being obtainable within twelve (12) months from the date of acquisition of that member of the Group, business or (as the case may be) assets provided that:
 - (i) such projected cost savings and synergies shall be without double counting for cost savings and synergies actually realised during such Relevant Period; and
 - (ii) so long as such projected cost savings and synergies are projected to be realisable within twelve (12) months from the date of acquisition, they shall be assumed to be realisable at any time during such twelve (12) months period.

13.5 Adjustments to Net Finance Charges

The figures for Net Finance Charges set out in the Financial Report as of the most recent Quarter Date (including when necessary, financial statements published before the First Issue Date), shall be used, but adjusted so that Net Finance Charges for such period shall be:

- (a) reduced by an amount equal to the Net Finance Charges directly attributable to any Financial Indebtedness of the Issuer or of any other Group Company repaid, repurchased, defeased or otherwise discharged with respect to the Issuer and the continuing Group Companies with the proceeds from disposals of entities referred to in Clause 13.4(a) (*Adjustments to EBITDA*) (or, if the Financial Indebtedness is owed by a Group Company that is sold, the Net Finance Charges for such period directly attributable to the Financial Indebtedness of such Group Company to the extent the Issuer and the continuing Group Companies are no longer liable for such Financial Indebtedness after such sale);

- (b) increased on a pro forma basis by an amount equal to the Net Finance Charges directly attributable to
 - (i) any Financial Indebtedness owed by acquired entities or business referred to in Clause 13.4(a) (*Adjustments to EBITDA*), if the acquired debt is to be tested under the Incurrence Test pursuant to paragraph (p) of the definition of "Permitted Debt" and (ii) any Financial Indebtedness incurred to finance the acquisition of such entities, in each case calculated as if all such debt had been incurred at the beginning of the relevant test period; and
- (c) increased on a pro forma basis by an amount equal to the Net Finance Charges directly attributable to any Financial Indebtedness permitted pursuant to paragraph (f) of the definition of "Permitted Debt", calculated as if such debt had been incurred at the beginning of the relevant test period.

13.6 Spanish Company

As long as any Group Company holds an ownership interest in the Spanish Company without the Spanish Company being a Group Company, the financials of the Spanish Company will for the purposes of these terms and conditions for Bonds be included on a pro forma basis in the Group's financials (including reported financial statements and financial covenants) as if the Spanish Company was a member of the Group with a share proportionate to the Group's ownership interest in the Spanish Company from time to time provided, however, that for the purpose of the calculation of EBITDA and cash and cash equivalent assets, the amount attributed by the Spanish Company shall be maximized to five (5) per cent. of the Group's EBITDA and cash and cash equivalent assets.

14 General Undertakings

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will) comply with the undertakings set out in this Clause 14 for as long as any Bonds remain outstanding.

14.1 Restricted Payments

- (a) Subject to paragraph 0 below, the Issuer and the Parent shall not (and the Issuer shall procure that none of its Subsidiaries will):
 - (i) pay any dividends or make other distributions on shares;
 - (ii) repurchase any of its own shares;
 - (iii) redeem its share capital or other restricted equity with repayment to shareholders;
 - (iv) make any payments in relation to the Shareholder Debt;
 - (v) repay any principal amount of any debt which is subordinated to the obligations of the Issuer under the Bonds;
 - (vi) pay management fees to direct and indirect shareholders of the Issuer; or
 - (vii) make other distributions or transfers of value (in Danish: *udlodninger*) within the meaning of the Danish Companies Act to its direct or indirect shareholders,

(items (i) to (vii) above are together and individually referred to as a "**Restricted Payment**").
- (b) Paragraph (a) above does not apply to:
 - (i) a Permitted Payment; and
 - (ii) following an Equity Listing Event, a Restricted Payment may be made by the Issuer, if at the time of the payment:

- (A) the Incurrence Test is fulfilled (calculated on a pro rata basis including the relevant Restricted Payment); and
- (B) the aggregate amount of all Restricted Payments of the Group (other than Permitted Payments) in any fiscal year (including the Restricted Payment in question) does not exceed 50 per cent. of the Group's consolidated net profit for the previous fiscal year adjusted for any distribution to any minority shareholder.

14.2 Change of Business

The Parent shall maintain its status as a holding company, the Issuer shall not expand its current business in any material respects and the Issuer shall procure that no substantial change is made to the general nature of the business of the Group from that carried on as of the Completion Date if such change would have a Material Adverse Effect.

14.3 Corporate status

The Issuer shall not change its status as limited liability company or jurisdiction of incorporation.

14.4 Financial Indebtedness

The Issuer and the Parent shall not, and the Issuer shall procure that none of its Subsidiaries will, incur or allow to remain outstanding any Financial Indebtedness other than Permitted Debt.

14.5 Dealings at arm's length terms

- (a) Except as permitted by paragraph (b) below, the Issuer and the Parent shall not, and the Issuer shall procure that none of its Subsidiaries will, enter into any transaction with any person except on arm's length terms and for full market value.
- (b) Paragraph (a) above does not apply to any loans between Group Companies, Shareholder Debt and any other transactions between Group Companies permitted under these Terms and Conditions and fees, costs and expenses payable under the Senior Finance Documents.

14.6 Disposal of assets

- (a) The Issuer and the Parent shall not, and the Issuer shall procure that none of its Subsidiaries will, sell or otherwise dispose of shares in any Material Company or of all or substantially all of its or a Material Company's assets, or operations to any person not being the Issuer or any of its wholly-owned Group Companies, unless the transaction is carried out at fair market value and provided that (i) it does not have a Material Adverse Effect and (ii) if the disposal proceeds exceed DKK 10,000,000 (or its equivalent in other currencies), at least 75% of such disposal proceeds (excluding, for the avoidance of doubt, any earn-outs or other contingent elements) shall be in the form of cash.
- (b) No asset that is subject to Transaction Security may be disposed of other than in accordance with the Intercreditor Agreement. Any asset subject to floating charge security may for the avoidance of doubt be disposed of in the ordinary course of business.

14.7 Loans or credit

The Issuer and the Parent shall not, and the Issuer shall procure that none of its Subsidiaries will, be a creditor in respect of any Financial Indebtedness, other than any Permitted Loan.

14.8 Negative pledge

The Issuer and the Parent shall not, and the Issuer shall procure that none of its Subsidiaries will, create or allow to subsist any Security over any of its assets, other than any Permitted Security.

14.9 Listing

The Issuer shall use its best efforts to ensure that:

- (a) the Initial Bonds are listed on the Nasdaq Copenhagen or, if such listing and admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market, not later than twelve (12) months after the First Issue Date;
- (b) any Subsequent Bonds are listed and admitted to trading on the same Regulated Market as the Initial Bonds, not later than at the relevant Issue Date; and
- (c) the Bonds, once admitted to trading on Nasdaq Copenhagen or the relevant Regulated Market, continue being listed thereon for as long as any Bond is outstanding.

14.10 Ranking

The Issuer shall ensure that its payment obligations under the Bonds at all times rank:

- (a) at least *pari passu* with all its other direct, unconditional, unsubordinated and unsecured obligations, except for those obligations which are mandatorily preferred by law, and
- (b) without any preference among them.

14.11 Mergers and demergers

- (a) Subject to paragraph (a)(vii) below, the Issuer shall not and shall procure that no Material Company (other than the Parent) will demerge or merge with another entity if:
 - (i) such merger or demerger is likely to have a Material Adverse Effect;
 - (ii) such merger or demerger would be prohibited as a disposal hereunder;
 - (iii) such demerger involves the Issuer;
 - (iv) such merger involves the Issuer and the other entity is not a wholly owned Group Company;
 - (v) such merger involves the Issuer and the Issuer is not the surviving entity;
 - (vi) such merger involves a Guarantor and such Guarantor is not the surviving entity; or if the Guarantor is not the surviving entity, the surviving entity does not immediately become a Guarantor; or
 - (vii) such merger or demerger involves shares in entities that are subject to Transaction Security unless all shares in the surviving and new entities are immediately also included in the Transaction Security.
- (b) Any demergers to separate business divisions is permitted provided that if it involves shares in entities that are subject to Transaction Security the newly issued shares are also included in the Transaction Security.
- (c) The Parent shall not be involved in any merger or demerger.

14.12 Compliance with laws

The Parent and the Issuer shall, and the Issuer shall procure that each Material Company (other than the Parent):

- (a) comply with all laws and regulations applicable from time to time; and
- (b) obtain, maintain, and comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Material Company,

in each case, if failure to do so has or is reasonably likely to have a Material Adverse Effect.

14.13 Maintenance of environmental permits

The Parent and the Issuer shall, and the Issuer shall ensure that each of its Subsidiaries in all material respects obtains, maintains and ensures compliance with all environmental permits or authorisations applicable from time to time and required for the Group's business where failure to do so would have a Material Adverse Effect.

14.14 Taxation

- (a) The Issuer shall pay any stamp duty and other public fees accruing in connection with a Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law).
- (b) All amounts payable by the Issuer to the Bondholders shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Denmark or any authority thereof or therein unless such withholding or deduction is required by law or regulation or the interpretation or application of such laws or regulations. If such withholding or deduction is required, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as are necessary in order that the net amount received by the relevant Bondholder, after such withholding or deduction, shall be equal to the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction.
- (c) Notwithstanding paragraph (a), no Additional Amounts shall be payable on account of any taxes or duties and other amounts or fees which:
 - (i) are payable by reason of any relevant person having, or having had, some connection with Denmark other than the mere holding of the Bond(s);
 - (ii) are payable by reason of payment to a non-Danish tax resident company Bondholder or Agent being deemed affiliated with the Issuer within the meaning of section 3 B of the Danish Tax Control Act;
 - (iii) are levied on the trade of Bonds in the secondary market; or
 - (iv) are withheld or deducted pursuant to any European Union Directive or Regulation concerning the taxation of interest income or any provision of law implementing or complying with such Directive or Regulation.

14.15 Nomination of Material Companies

From the date falling sixty (60) calendar days after the Completion Date and thereafter once every year (simultaneously with the publication by the Issuer of its annual audited consolidated financial statements in accordance with Clause 12(a)(i) above), the Issuer shall ensure that:

- (a) each Material Company; and

- (b) such Subsidiaries as are necessary to ensure that the Issuer and the Material Companies in aggregate account for at least eighty per cent. (80%) of (i) the Group's consolidated earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA), (ii) the Group's consolidated gross assets, and (iii) the Group's consolidated turnover, provided that in calculating the above all intra-Group items shall be excluded,

are listed as Material Companies in the relevant Compliance Certificate delivered in connection thereto.

14.16 Additional Guarantors

Subject to the Intercreditor Agreement and applicable limitation language, the Issuer shall procure that each Material Company accedes to the Guarantee Agreement as an Additional Guarantor no later than ninety (90) calendar days after its nomination as a Material Company in accordance with Clause 14.15 (*Nomination of Material Companies*) above and in connection therewith accedes to the Intercreditor Agreement and provides Security pursuant to the terms hereof and the Intercreditor Agreement.

14.17 Additional security

Subject to any legal restrictions on granting of Security and/or guarantees, the Issuer shall, and/or shall procure that each other Group Company will, provide Security over the shares of each Material Company no later than ninety (90) calendar days after its nomination as a Material Company in accordance with Clause 14.15 (*Nomination of Material Companies*).

15 Events of Default and Acceleration of the Bonds

Each of the events or circumstances set out in this Clause 15 (other than Clause 15.10) is an event of default.

15.1 Non-payment

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

- (a) the non-payment is caused by technical or administrative error and is remedied within five (5) Business Days from the due date; or
- (b) in the discretion of the Agent, the Issuer has substantiated that it is likely that such payment will be made in full within five (5) Business Days following the original due date

15.2 Conditions subsequent

The Issuer fails to deliver the documents and other evidence required under Clause 4.2(a) no later than sixty (60) calendar days after the Completion Date.

15.3 Other Obligations

Any Group Company, fails to comply with or in any other way acts in violation of the Finance Documents to which such non-compliant entity is a party, in any other way than as set out in Clauses 15.1 (*Non-payment*) or Clause 15.2 (*Condition subsequent*), unless the non-compliance:

- (a) is capable of remedy; and
- (b) is remedied within fifteen (15) Business Days of the earlier of the Agent giving notice and the relevant Group Company becoming aware of the non-compliance.

15.4 Cross acceleration

Any Financial Indebtedness of a Group Company is not paid within any originally applicable grace period (if there is one) or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph if the aggregate amount of Financial Indebtedness is less than DKK 10,000,000 (or its equivalent in any other currency or currencies).

15.5 Continuation of business

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

15.6 Insolvency

Any Material Company is, or is deemed for the purposes of any applicable law to be, Insolvent.

15.7 Insolvency Proceedings

Any corporate actions, legal proceedings or other procedures are taken (other than (A) proceedings which are vexatious or frivolous or are being disputed in good faith and are discharged within ninety (90) calendar days, and (B), in relation to Subsidiaries of the Issuer, solvent liquidations that are permitted under the Finance Documents) in relation to:

- (a) the bankruptcy, suspension of payments, winding-up, reorganisation or similar (by way of voluntary arrangement or otherwise) of the Parent or any Material Company or any analogous procedure; or
- (b) the appointment of a liquidator, receiver, administrator, or other similar officer in respect of the Parent or any Material Company or any of its assets or any analogous procedure.

15.8 Creditors' process

Any attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Company having an aggregate value equal to or exceeding DKK 10,000,000 (or its equivalent in any other currency) and is not discharged within thirty (30) calendar days.

15.9 Impossibility or illegality

It becomes impossible or unlawful for the Issuer or any other Group Company to fulfil or perform any of the provisions of the Finance Documents or the Transaction Security created or expressed to be created thereby is varied or ceases to be effective (subject to the Legal Reservations) and such invalidity, ineffectiveness or variation has a detrimental effect on the interests of the Bondholders.

15.10 Issuer wholly owned by Parent

The Parent ceases to be the direct owner of 100 per cent. of the shares in the Issuer.

15.11 Acceleration of the Bonds

- (a) This Clause 15.11 (*Acceleration of the Bonds*) is subject to the Intercreditor Agreement.
- (b) Upon the occurrence of an Event of Default which is continuing the Agent is entitled to, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not only some, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines (but such date may not fall after the Final Maturity Date), and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.

- (c) The Agent may not accelerate the Bonds in accordance with Clause 15.11(b) by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders' Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (d) The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 17 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default (or may lead to an Event of Default).
- (e) If the Bondholders representing more than 50 per cent of the Adjusted Nominal Amount instruct the Agent in writing to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as, in the opinion of the Agent, may be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (f) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (g) In the event of an acceleration of the Bonds in accordance with this Clause 15, the Issuer shall, redeem all Bonds at an amount equal to the redemption amount specified in Clause 9.3 (*Voluntary total redemption (call option)*), as applicable considering when the acceleration occurs.

16 Distribution of Proceeds

All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 15 (*Events of Default and Acceleration of the Bonds*) and any proceeds received from an enforcement of the Transaction Security or Guarantees shall be distributed in accordance with the terms of the Intercreditor Agreement. Any proceeds received from an enforcement of the Escrow Account Pledge Agreement shall be distributed to the Bondholders only.

17 Decisions by Bondholders

- (a) A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.

- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
- (i) on the Business Day specified in the notice pursuant to Clause 18(c), in respect of a Bondholders' Meeting; or
 - (ii) on the Business Day specified in the communication pursuant to Clause 19(c), in respect of a Written Procedure,
- may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds ($66\frac{2}{3}$) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):
- (i) any material amendments of the terms of the Intercreditor Agreement;
 - (ii) any amendments to paragraphs (a), (c), (d), (e), (f) and (h) of Clause 2 (*Status of the Bonds*);
 - (iii) any amendments to Clauses 9.3 (*Voluntary total redemption (call option)*) to and including 9.7 (*Voluntary total redemption due to illegality (call option)*);
 - (iv) any waiver of a breach of, or amendment to, an undertaking set out in Clause 14 (*General Undertakings*);
 - (v) any amendments to Clause 16 (*Distributions of proceeds*);
 - (vi) any release the security or guarantee provided under the Security Documents or the Guarantee Agreement (other than in accordance with the Finance Documents);
 - (vii) a reduction of the principal amount, interest rate or interest amount which shall be paid by the Issuer;
 - (viii) any amendment of any payment day for principal or interest amounts or any waiver of a breach of a payment undertaking; or
 - (ix) any amendment to the provisions regarding the majority requirements under these Terms and Conditions.
- (f) Any matter not covered by Clause 170 shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 20(a)(i) or 20(a)(ii)), an acceleration of the Bonds or the enforcement of any Transaction Security.
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 170, and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:

- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (ii) if in respect of a Written Procedure, reply to the request.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 18(a)) or initiate a second Written Procedure (in accordance with Clause 19(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 17(f) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- (k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (l) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (m) All reasonable costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (n) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies, 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.
- (o) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the 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 Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

18 Bondholders' Meeting

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 18(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 21.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later

date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 18(a).

- (c) The notice pursuant to Clause 18(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) agenda for the meeting (including each request for a decision by the Bondholders) and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

19 Written Procedure

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically in a manner determined by the Agent) no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 19(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 19(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 19(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 170 and 17(e)(ix) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 170 or 17(e)(ix), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

20 Amendments and Waivers

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may (subject to the terms of the Intercreditor Agreement) agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
 - (i) in the opinion of the Agent and/or as confirmed by a reputable external expert engaged by the Agent (if the Agent reasonably considers it necessary to engage such expert), such amendment or waiver is not detrimental to the interest of the Bondholders as a group, or is made solely for the purpose of rectifying obvious errors and mistakes;

- (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
 - (iii) such amendment will not negatively affect the Bondholders or the Agent and is necessary for the purpose of the listing of the Bonds pursuant to Clause 14.9 (*Listing*); or
 - (iv) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 17 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
 - (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 20(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published on its website in the manner stipulated in Clause 12.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority and that any amendments to the Finance Documents are published on its website in the manner stipulated in Clause 12.3 (*Publication of Finance Documents*).
 - (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders' Meeting, in the Written Procedure or by the Agent, as the case may be.

21 Appointment and Replacement of the Agent

21.1 Appointment of Agent

- (a) The Issuer appoints the Agent to act as representative (in Danish: *fuldmægtig og repræsentant*) on behalf of and for the benefit of the Bondholders pursuant to Chapter 4 of the Danish Capital Markets Act and in accordance with the terms of the Intercreditor Agreement. The Agent accepts such appointment. The Agent shall be registered with the Danish Financial Supervisory Authority (in Danish: *finanstilsynet*) in accordance with the Danish Capital Markets and the Issuer and the Agent shall provide all information required by the Danish Financial Supervisory Authority.
- (b) By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, each Bondholder is bound by these Terms and Conditions and any other Finance Document, without any further action required to be taken or formalities to be complied with. The Agent has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of these Terms and Conditions, the Security Documents and the Escrow Account Pledge Agreement, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others. By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation of the Agent to act on its behalf, as set forth in this Clause 21.1 (*Appointment of Agent*).
- (c) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent) that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.
- (d) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.

- (e) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

21.2 Duties of the Agent

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, holding the Security pursuant to the Escrow Account Pledge Agreement and the Transaction Security and Guarantees pursuant to the Security Documents and the Guarantee Agreement on behalf of the Bondholders and, where relevant, enforcing the Escrow Account Pledge Agreement and the Transaction Security and/or Guarantees on behalf of the Bondholders. The Agent is not responsible for the content, valid execution, perfection, legal validity or enforceability of the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent's duties under this Agreement are solely mechanical and administrative in nature and the Agent only acts in accordance with these Terms and Conditions and upon instructions from the Bondholders, unless otherwise set out in these Terms and Conditions. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other person.
- (d) The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in these Terms and Conditions and the other Finance Documents, or to take any steps to ascertain whether any Event of Default (or any event that may lead to an Event of Default) has occurred. Until it has actual knowledge to the contrary, the Agent is entitled to assume that no Event of Default (or any event that may lead to an Event of Default) has occurred.
- (e) The Agent is entitled to delegate its duties to other professional parties (without having to first obtain any consent from the Issuer or the Bondholders), but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (f) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (g) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default, (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents or (iii) as otherwise agreed between the Issuer and the Agent. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 16 (*Distribution of Proceeds*).
- (h) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.

- (i) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, or the Bondholders (as applicable), 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.
- (j) Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (k) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 21.2(i).

21.3 Limited liability for the Agent

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

21.4 Replacement of the Agent

- (a) Subject to Clause 21.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 21.4(f), 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.
- (c) A Bondholder (or Bondholders) representing at least ten per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall,

if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.

- (d) If the Bondholders have not appointed a successor Agent within 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 Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent which shall be registered with the Danish Financial Supervisory Authority (in Danish: *finanstilsynet*) in accordance with the Danish Capital Markets Act and (ii) the acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. 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.

22 Appointment and Replacement of the Issuing Agent

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

23 No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security or Guarantees to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation or bankruptcy (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.

- (b) Clause 23(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with these Terms and Conditions to take certain actions but is legally unable to take such actions (however, any action taken by a Bondholder must always be permitted under the Intercreditor Agreement).

24 Prescription

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.
- (b) If a limitation period is duly interrupted in accordance with the Danish Limitations Act, a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Danish Limitations Act.

25 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
 - (i) if to the Agent, shall be given at the address registered in the register of representatives with the Danish Financial Supervisory Authority on its website www.finanstilsynet.dk or any successor website on the Business Day prior to dispatch, or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;
 - (ii) if to the Issuer, shall be given at the following address:
 - (A) Frontmatec Group ApS
Platinvej 8
DK-6000 Kolding
Denmark; or
 - (B) if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
 - (iii) if to the Bondholders, shall be sent to the Bondholders via the CSD or the Agent with a copy to the Issuer, the Agent and, if the Bonds are listed, the Regulated Market.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
- (c) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 25(a) 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(a) or, in case of email, when received in readable form by the email recipient.
- (d) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.

26 Force Majeure and Limitation of Liability

- (a) Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and willful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

27 Governing Law and Jurisdiction

- (a) These Terms and Conditions shall be governed by and construed in accordance with the laws of Denmark, without regard to its conflict of law provisions.
- (b) The Agent and the Issuer agree for the benefit of the Agent and the Bondholders that the City Court of Copenhagen shall have jurisdiction with respect to any dispute arising out of or in connection with these Terms and Conditions. The Issuer agrees for the benefit of the Agent and the Bondholders that any legal action or proceedings arising out of or in connection with these Terms and Conditions against the Issuer or any of its assets may be brought in such court.
- (c) Clause 27(b) is for the exclusive benefit of the Agent and the Bondholders and the Agent have the right:
 - (i) to commence proceedings against the Issuer or any Guarantor or its/their respective assets in any court in any jurisdiction; and
 - (ii) to commence such proceedings, including enforcement proceedings, in any competent jurisdiction concurrently.

[The remainder of this page has intentionally been left blank]

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

Date: 8 October 2019

The original has been signed on behalf of

Frontmatec Group ApS

as Issuer

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

Date: 8 October 2019

The original has been signed on behalf of

Nordic Trustee A/S

as Agent and Security Agent

SCHEDULE 1
(FORM OF COMPLIANCE CERTIFICATE)

To: Nordic Trustee A/S
Bredgade 30
1260 Copenhagen K
Denmark

From: Frontmatec Group ApS

Date: []

Frontmatec Group ApS – EUR [175,000,000] Senior Secured Floating Rate Bonds due 2019/2022

We refer to the terms and conditions for the above captioned Bonds (the "**Terms and Conditions**"). Terms defined in the Terms and Conditions shall, unless otherwise defined herein, have the same meaning when used herein.

This is a Compliance Certificate as mentioned in Clause 12.1 (*Information from the Issuer*).

[[¹Description of Incurrence Test Event].

This compliance certificate relates to the following testing date: [date]

We confirm that the Incurrence Test set out in Clause 13.1 (*Incurrence Test*) is met and that:

- the Leverage Ratio was: []; and
- the Interest Coverage Ratio was [].

The calculations for the Incurrence Test above are based on the following figures:

Net Interest Bearing Debt: []

EBITDA: []

Net Finance Charges: []

We confirm that the calculations are made in accordance with Clause 13 (*Financial Undertakings*) and any other relevant provision in the Terms and Conditions.

We confirm that no Event of Default has occurred and is continuing or would occur or would occur upon the incurrence or distribution (as applicable). [*If no such confirmation can be made, specify the event and steps, if any, being taken to remedy it*].

[²Please find enclosed the following [relevant Financial Report] delivered in accordance with Clause 12.1(a)(i) of the Terms and Conditions. Pursuant to Clause 14.15 (*Nomination of Material Companies*) and Clause 12.1(f) of the Terms and Conditions, we hereby confirm that as of [date] the following Subsidiaries are Material Companies:

¹ If used in connection with the occurrence of an Incurrence Test Event.

² For the Compliance Certificate provided in connection with the publication or other distribution of each annual Financial Report under Clause 12.1(a)(i).

[]

Yours faithfully,

Frontmatec Group ApS

Name of authorised person

SCHEDULE 2
(GROUP REAL ESTATE)

Name of current owner	Real estate (address)
Frontmatec Tandslet A/S CVR-No. 14 30 71 84	Mommarmvej 293, 6470 Sydals
Frontmatec Smørum A/S CVR-No. 13 55 26 49	Hassellunden 9, 2765 Smørum

USE OF PROCEEDS

The net proceeds from the Initial Bond Issue (as defined in the Terms and Conditions defined in “*Terms and Conditions of the Bonds*”) after deducting commissions, fees and other costs and expenses in connection with the issue and listing of the Initial Bonds (as defined in the Terms and Conditions of the Bonds), amounting to approximately EUR 170.4 million, have been applied by the Issuer towards refinancing of existing debt in the Group, payment of a dividend in order to refinance existing debt in an indirect shareholder of the Issuer and general corporate purposes, as further set out in the terms and conditions of the Bonds.

DESCRIPTION OF THE ISSUER AND THE GROUP

Overview

The Group is a global leading provider of advanced food processing equipment. Frontmatec develops world-class customised solutions for automation in the food industry, other hygiene sensitive industries and the utilities industry. The Group is especially renowned for the high-quality systems for the entire value chain of the meat industry – from carcass grading to slaughter lines, cutting and deboning lines, hygiene systems and control systems to logistics packaging.

Frontmatec Group is headquartered in Kolding, Denmark and has production facilities in Denmark, Canada, China, UK and Germany. Moreover, the Group has a global sales footprint with own sales offices in Denmark, Germany, Poland, France, Spain, Netherlands, China, Canada, USA and Russia.

The Issuer

Frontmatec Group ApS is a limited liability company incorporated in Denmark with reg. no. 37 77 37 43, having its registered address at Platinvej 8, DK-6000 Kolding, Denmark. The Issuer was formed and registered with the Danish Registrar of Companies on 6 June 2016 and conducts its business in accordance with the laws of Denmark. The Issuer's website is www.frontmatec.com. The information on the website to which this Prospectus refers does not form part of this Prospectus.

The Guarantors

On the date of this Prospectus, the following legal entities guarantee, subject to applicable limitation language, the Issuer's obligations under the Bonds (the "**Guarantors**"):

Name, company reg. no. and country of incorporation:	Management	Type of business
Frontmatec Holding I ApS Reg. no. 37857769 Denmark	<p><u>Management board:</u></p> <p>Christoffer Arthur Müller (Managing director)</p> <p><u>Board of directors:</u></p> <p>Christian Gymos Schmidt-Jacobsen (Chairman, managing partner)</p> <p>Jesper Frydensberg Rasmussen (Head of Finance and Compliance)</p> <p>Peter Nyegaard (Partner)</p>	Holding company
Frontmatec Tandslet A/S Reg. no. 14307184 Denmark	<p><u>Management board:</u></p> <p>Andreas Iskov Jensen (Vice President C&D Europe)</p> <p><u>Board of directors:</u></p> <p>Jens Kristensen (Chairman, Chief Executive Officer)</p> <p>Thomas Nybo Stenager (Chief Financial Officer)</p>	Sales and manufacturing company within cutting, deboning and storage systems for pig, cattle and lamb slaughterhouses. The company has after sales to the European market.

	<p>Henrik Andersen (Chief Commercial Officer)</p> <p>Andreas Iskov Jensen (Vice President C&D Europe)</p>	
<p>Frontmatec Skive A/S Reg. no. 73518016 Denmark</p>	<p><u>Management board:</u></p> <p>Kurt Godsk Andersen (Chief Business Development Officer)</p> <p><u>Board of directors:</u></p> <p>Jens Kristensen (Chairman, Chief Executive Officer)</p> <p>Thomas Nybo Stenager (Chief Financial Officer)</p> <p>Henrik Andersen (Chief Commercial Officer)</p> <p>Kurt Godsk Andersen (Chief Business Development Officer)</p> <p>Flemming Bonde Nielsen (Staff-elected member, Project Manager)</p> <p>Niels Peter Dalgaard Sørensen (Staff-elected member, Automation Engineer)</p>	<p>Specialist of innovative automation and industrial IT solutions such as a software platform for MES (manufacturing execution systems) and SCADA (supervisory control and data acquisition).</p>
<p>Frontmatec Kolding A/S Reg. no. 76547610 Denmark</p>	<p><u>Management board:</u></p> <p>Thomas Nybo Stenager (Chief Financial Officer)</p> <p><u>Board of directors:</u></p> <p>Jens Kristensen (Chairman, Chief Executive Officer)</p> <p>Thomas Nybo Stenager (Chief Financial Officer)</p> <p>Henrik Andersen (Chief Commercial Officer)</p> <p>Kurt Godsk Andersen (Chief Business Development Officer)</p>	<p>Sales and manufacturing company of slaughter lines, cutting and deboning lines and logistics solutions for pigs, cattle and sheep for Europe and ROW (rest-of-world). The company has after sales to the European market.</p>

	<p>Kurt Karlsen (Staff-elected member, Project Engineer)</p> <p>Finn Ejning Andreasen (Staff-elected member, QA Coordinator)</p>	
<p>Frontmatec GmbH Reg. no. HRB 17657 Germany</p>	<p><u>Management board:</u></p> <p>Henrik Andersen (Chief Commercial Officer)</p> <p><u>Board of directors:</u></p> <p>Jens Kristensen (Chief Executive Officer)</p> <p>Thomas Nybo Stenager (Chief Financial Officer)</p>	<p>Sales company of slaughter lines, cutting and deboning lines and logistics solutions for pigs, cattle and sheep for the European market. The company has after sales to the local market.</p>
<p>Frontmatec Hygiene GmbH Reg. no. HRB 7458 Germany</p>	<p><u>Management board:</u></p> <p>Michael Steinsträter (Vice President Sales Central Europe)</p>	<p>Sales and manufacturing company of hygiene systems, ergonomic work aids, automatic systems and by-products systems.</p>
<p>Frontmatec Inc. Reg. no. 01135848 Missouri, USA</p>	<p><u>Management board:</u></p> <p>Dany Lord (Executive Vice President North America)</p> <p><u>Board of directors:</u></p> <p>Jens Kristensen (Chief Executive Officer)</p> <p>Thomas Nybo Stenager (Chief Financial Officer)</p>	<p>Sales company of slaughter lines, cutting and deboning lines and logistics solutions for pigs, cattle and sheep for USA. The company has after sales to the American market.</p>
<p>Frontmatec Equipment Inc. Reg. no. 1164639743 Quebec, Canada</p>	<p><u>Company secretary:</u></p> <p>Marcel Couture (Vice President North America)</p> <p><u>Board of directors:</u></p> <p>Jens Kristensen (Chief Executive Officer)</p> <p>Thomas Nybo Stenager (Chief Financial Officer)</p>	<p>Manufacturing company mainly supporting Frontmatec Inc. with solutions and spare parts for after sales.</p>

History and development of the Issuer

The Group is the result of a merger between the nine companies: SFK LEBLANC (Frontmatec Kolding A/S), Attec (Frontmatec Tandslet A/S), ITEC (Frontmatec Hygiene GmbH), Carometec (Frontmatec Smørum A/S), Frontmatec

(Frontmatec Skive A/S), Accles & Shelvoke (FRONTMATEC Accles & Shelvoke), Frontmatec Jining Co., Ltd, Aira Robotics S.L. (40% stake) and Intecal, S.A. As a group, Frontmatec develops complete and unique solutions, creating considerable value for the customers in the global red meat industry.

The Nordic equity fund, Axcel, invested in the companies and merged the entities into an effective and leading global player in the rapidly growing market for high-tech meat processing equipment. With a revenue of approximately DKK 1.7 billion and 1,300 employees, Frontmatec is today, regarded as a market leader in the industry.

The first five companies that merged in 2016 were:

SFK LEBLANC (Frontmatec Kolding A/S) as the largest of the five, founded in 1931 as SFK, a subsidiary of Danish Crown, with the purpose to supply meat-processing equipment. In 2006, SFK was sold to Maj Invest and since transformed, from essentially an internal supplier to Danish Crown, into a global player in high-tech slaughter equipment. The development was made possible due to sizeable investments in product development and the acquisition of the North American market leader, G.E. Leblanc, as well as the Dutch market-leading cattle-slaughtering specialist, NAWI.

The three other companies: Attec (Frontmatec Tandslet A/S), ITEC (Frontmatec Hygiene GmbH) and Carometec (Frontmatec Smørum A/S), have all been privately owned and have also, through focus on product development and global customers, carved out interesting positions in the market for high-tech meat processing equipment, with some of the products and solutions being completely unique:

- Attec (Frontmatec Tandslet A/S) established in 1987, had developed into a global leader in automated cutting, deboning and storage systems for pig, cattle and lamb slaughterhouses.

- Carometec (Frontmatec Smørum A/S), rooted in SFK had pioneered grading technologies for pig and cattle slaughtering plants, accurately and automatically qualify the value of the product early in the production process.

- German based ITEC (Frontmatec Hygiene GmbH) founded in 1990. Though part of the Group, ITEC (Frontmatec Hygiene GmbH) has been kept as brand for its portfolio of hygiene solutions.

Finally, the company that gave the merged entities its name Frontmatec, was founded in 1983 had developed into a regional Scandinavian specialist of innovative automation and industrial IT solutions such as a proprietary software platform for MES (manufacturing execution systems) and SCADA (supervisory control and data acquisition). Prior to Axcel, Frontmatec was owned by the Nordic equity fund, Via Venture Partners.

In 2017 the originator of the captive bolt stunning tool, Accles & Shelvoke (FRONTMATEC Accles & Shelvoke) was merged into the Group. Founded in 1860, Accles & Shelvoke (FRONTMATEC Accles & Shelvoke) has a long history of working with veterinarians, meat technologists, large and small meat plants worldwide on the humane slaughter of animals.

In 2018, Frontmatec Jining Co., Ltd., a leading supplier of equipment to the red meat industry in China, was acquired by the Group as a means to penetrate deeper into the largest meat producing market in the world.

In 2019, the Group acquired 40% of the shares in the Spanish based company Aira Robotics, S.L. The company is specialised in robotic solutions to the red meat industry and the partnership provides the Group with unique competences in robotic solutions, complementing the already strong automation portfolio.

In 2019, the Group acquired the Spanish based company Intecal, S.A. The leading Spanish equipment distributor has strengthened the Group's position on the Southern European market.

Organisational structure and major shareholders

The Issuer is a holding company with no direct operating business other than the equity interests of its subsidiaries. The Issuer requires dividends and other payments from its subsidiaries to meet cash requirements and to fulfil its obligations under the Bonds.

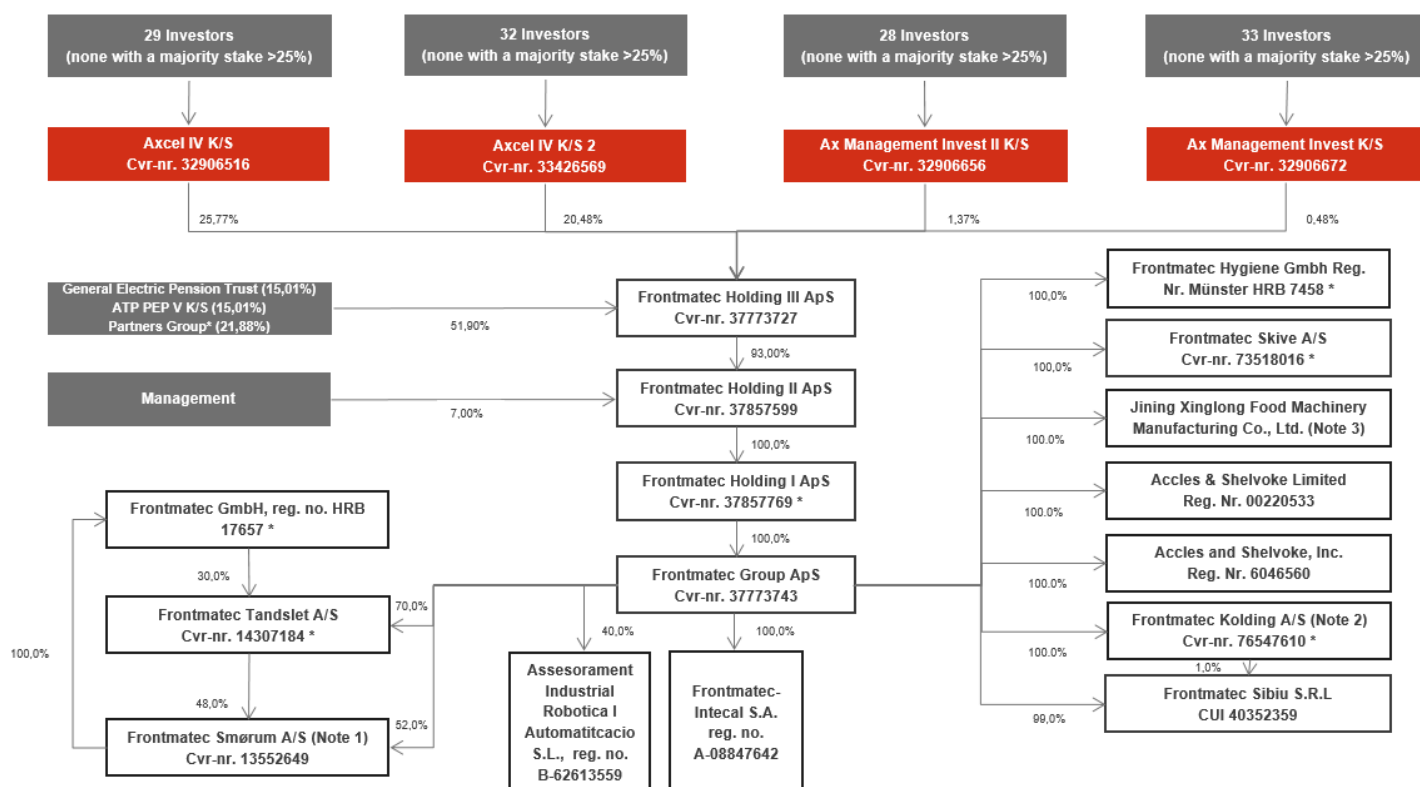
As of the date of this Prospectus, the Issuer is a wholly owned subsidiary of Frontmatec Holding I ApS, which in turn is a wholly owned subsidiary of Frontmatec Holding II ApS. Frontmatec Holding II ApS is owned by Frontmatec Holding

III ApS and certain present and former board members, managers and key employees of the Group employees (referred to as “Management” in the chart below).

As of the date of this Prospectus, Frontmatec Holding III ApS is owned by General Electric Pension Trust (15.01%), ATP PEP V K/S (15.01%), Partners Group (21.88%), Axcel IV K/S (25.77%), Axcel IV K/S 2 (20.48%), Ax Management Invest II K/S (1.37%) and Ax Management Invest K/S (0.48%) (Axcel IV K/S, Axcel IV K/S 2, Ax Management Invest II K/S and Ax Management Invest K/S together referred to as the “**Axcel IV Partnerships**”).

Due to its ownership and to shareholders’ agreements entered into with General Electric Pension Trust, ATP PEP V K/S and Partners Group, the Axcel IV Partnerships controls a majority of the voting rights in Frontmatec Holding III ApS and thereby indirectly controls the Issuer. The shareholders’ agreements e.g. contain customary provisions on related party agreements having to be on arms’ length terms and together with provisions in the Danish Companies Act restrict decisions that violate the principle of equal treatment of shareholders or provides shareholders with an undue advantage over others. The Axcel IV Partnerships are managed by Axcel Management A/S.

The below chart shows the organisational structure and majority shareholders of the Group as of the date of this Prospectus (legal entities that are guarantors are marked with an *):



-AXCEL

Note 1-3 see below

*Partners Group invests through 2 entities: Partners Group Global Value Sicav (8,29%) and Partners Group Private Equity (Master Fund), LLC (13,59%)

Note 1 – Frontmatec Smørum A/S – subsidiaries (Company name, reg. no., %-share)	Note 2 – Frontmatec Kolding A/S – subsidiaries (Company name, reg. no., %-share)	Note 3 - Jining Xinglong Food Machinery Manufacturing Co., Ltd. (Company name, reg. no., %-share)
Frontmatec SP. Zoo, reg. no. 0000254341, 100%	Frontmatec Equipment Inc, reg. no. 1164639743, 100% *	Xuchang Liankai Machinery Co., Ltd. (CN), 50%
	Frontmatec, Inc., reg. no. 01135848, 100% *	
	Frontmatec LLC, reg. no. 7706428312, 100%	
	Frontmatec Slaughtering Equipment (Shanghai) Co. Ltd., reg. no. 9131011566607636X1, 100%	
	Frontmatec Holding B.V., Reg no. 30889875, 100%	
	Frontmatec B.V., reg. no. 08049717, 100% (Subsidiary to Frontmatec Holding B.V.)	

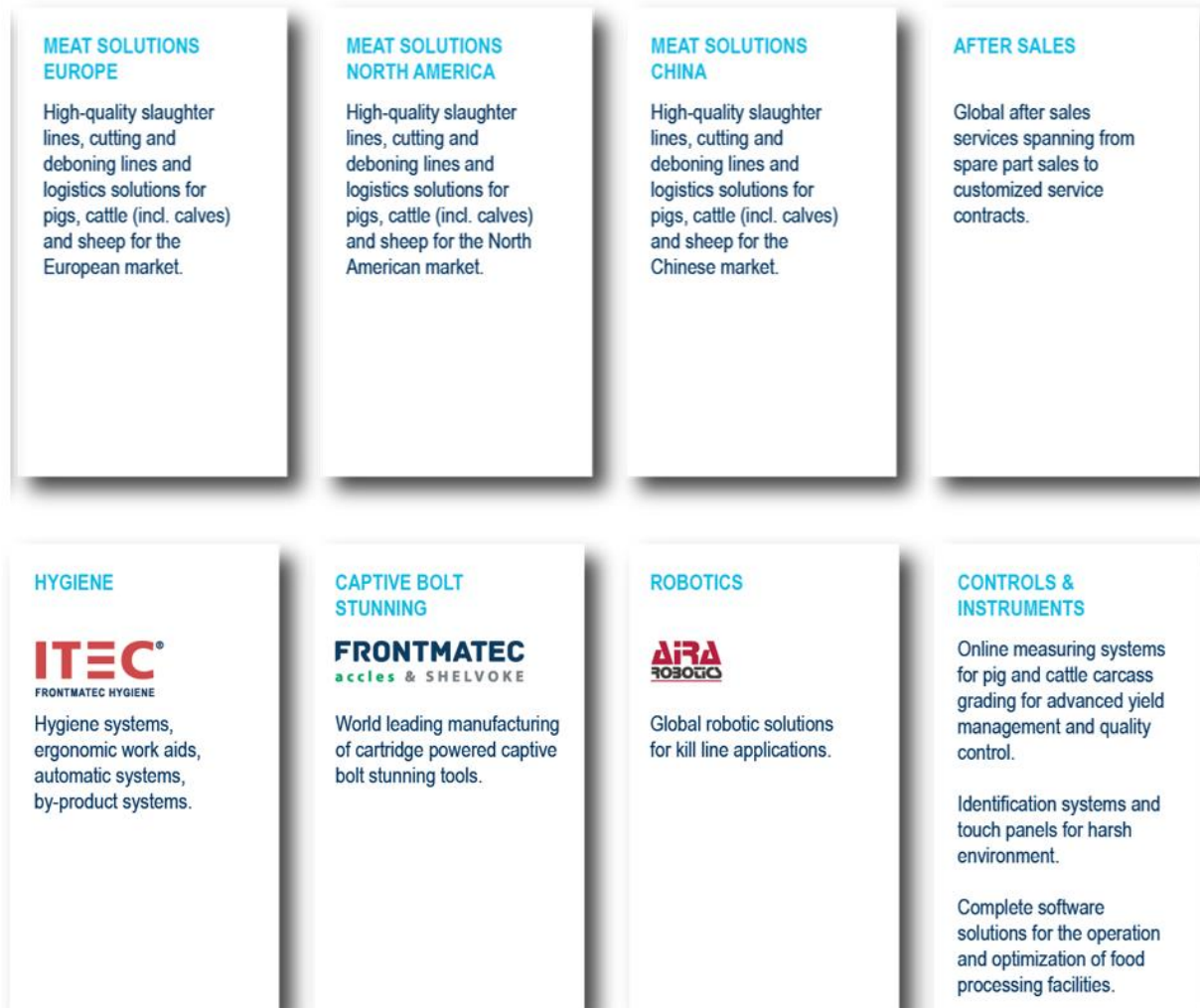
There are no arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change of control of the Issuer.

Business overview

The Group develops world-leading customized solutions for automation in the food industry, other hygiene sensitive industries and the utilities industry. The company is especially renowned for its high-quality systems for the entire value chain of the meat industry – from carcass grading to slaughter lines, cutting and deboning lines, hygiene systems and control systems to logistics and packaging.

The Group delivers customized solutions of the highest quality based on years of experience and true craftsmanship. The company is the highly experienced partner that customers count on for every step of the journey – from the initial design phase to the after sales service.

Given the diversity of the combined product portfolio and differences in geographical market requirements, the Group has structured its operations into the following eight business units:



Within Meat Solutions, the global competitive landscape is dominated by two major players, of which the Group is one and Marel is the other. There are smaller local competitors, especially in China, but for large Greenfield projects, no matter where in the world, the Group and Marel are the only two viable options. Though highly integrated with Meat Solutions, Robotics has been kept as a separate Business unit in order to create a strong competence centre for developing robotic applications that is seen as a key competitive driver for future development. In Control & Instruments, the Group holds another distinct portfolio of products and competences with data capturing instruments and control systems (MES and SCADA) which are essential in developing data driven smart factories for the Group's customer base.

As the solutions become more complex with highly automated and robotic equipment combined with advanced software solutions, companies become dependent on efficient After Sales to keep their plants in optimal running operations. The Group's After Sales unit operates across all of the Group's business units, utilising its geographical presence to offer service offering close to its customer base.

For Captive Bolt stunning and Hygiene which address slightly different markets but none the less complementary to the Meat Solutions, the Group holds leading positions though more competitors are active but none regarded to delivering the same high quality as the Group.

The Issuer's market, industry and strategy

The Group operates in a technology highly advanced market for processing equipment, systems and software for the red meat processing industry globally. It also has a presence within food instrumentation equipment, food logistic systems and hygiene solutions for the food industry. The market in which the Group operates is a global niche market. The Group's position in all markets and segments thereof is constantly challenged by competitors.

The Group's products are sold in competitive markets throughout the world. The industry in which the Group operates is characterised by new technological developments that have resulted in, and will likely continue to result in, improvements in equipment functions and performance.

The strategy of the Group is to leverage its strong market position and full-line product offering to outperform the underlying market growth while, at the same time, executing on operational improvement initiatives in order to continue to enhance profitability significantly.

The Group has a wide and large customer base spread across the globe, which provides single customer and geographic diversification, thus limiting the dependency of the Group on single customer and/or regional investment cycles.

The Group has implemented policies with the aim of managing the general and specific risks associated with the Group's activities and operations, as well as financial reporting.

Future growth and expansion

The future growth and expansion of the Group may depend on establishing new production facilities and expanding production capacity, ramping up the production of existing and new production facilities, introducing new products, expanding sales and entering new markets and/or new sales channels. The ability of the Group to achieve growth will be subject to a range of factors, including:

1. competing with other companies in markets;
2. exercising effective quality control and maintaining high safety standards;
3. expanding sales network and strengthening existing relationships with customers;
4. enhancing research and development capabilities;
5. attracting, hiring, training and retaining qualified personnel;
6. controlling costs of operations;
7. prioritising operational, financial and management controls and systems in an efficient and effective manner; and
8. managing various suppliers and leveraging purchasing power.

Insurance

The Group has taken out customary insurances that includes property insurance, liability insurance and directors' and officers' liability insurance.

IT

The Group uses IT to a significant extent and the Group increasingly rely on IT-systems to monitor and track the production process and logistics assets, manage business data and increase efficiencies in the production and inventory management processes. The Issuer also uses IT to process financial information and results of operations for internal reporting purposes and to comply with legal and regulatory requirements as well as applicable tax laws and regulations. In addition, the Issuer depends on IT for electronic communications between the facilities, personnel, customers and suppliers.

Financial highlights for the Issuer Group

Financial highlights for the Issuer and its subsidiaries (the “Issuer Group”)

The Issuer Group had pro forma revenue of DKK 1,707 million in 2019 (IFRS revenue 2019: DKK 1,662 million), which represents an increase of 20% from 2018 (pro forma revenue DKK 1,425 million, IFRS revenue: DKK 1,419 million). The Issuer Group had increased revenue on most markets and from both project sales and after sales. The record-high revenue was an important milestone in the Issuer Group’s ambition to remain the global preferred supplier of advanced food processing equipment.

Pro forma EBITDA decreased by 11% from DKK 226 million in 2018 to DKK 201 million in 2019. The decline in Issuer Group pro forma EBITDA was the result of relocation of the production site in Kolding, which resulted in cost overruns on a number of projects and indirect loss of revenue, due to production disruption. The situation has stabilized in the beginning of 2020.

Financial statements

The Issuer Group had revenue of DKK 1,662 million in 2019, which was DKK 244 million higher than 2018. Operating profit before depreciations, amortization and special non-recurring items was DKK 172 million and DKK 35 million lower than 2018. Special non-recurring items of DKK 60 million was related to M&A costs and restructuring costs (2018: DKK 76 million). Restructuring costs were mainly related to discontinued outsourcing activities in Mexico and closedown of production facilities in Europe. The consolidated loss for 2019 is DKK 121 million (2018: DKK 55 million).

The balance sheet at 31 December 2019 for the Issuer Group shows total assets of DKK 2,731 million (2018: DKK 2,695 million) and equity of DKK 615 million (2018: DKK 1,021 million).

Status of numbers referred to above

The information in the sections “*Financial highlights for the Issuer and its subsidiaries (the “Issuer Group”)*” and “*Financial statements*” above has been extracted from the section in the Issuer’s annual report for 2019 titled “Frontmatec’s business review”, which has not been audited. The pro forma numbers included in those sections have not been audited while the other numbers included in those sections have been audited.

COVID-19 Virus

From late January 2020, the Group’s Chinese market and local operations have been severely impacted by the out-break of the COVID-19 virus. Regardless, the Group delivered according to budget in January to March 2020.

From mid-March 2020, the outbreak of the COVID-19 virus has started to impact all of our main markets. For the most part, the Group’s customers are operating at normal capacity, due to being critical to the food supply chain, why the Group continues to see a good underlying demand for its product and services. However, internal measures taken to ensure employee safety and the extensive travel restrictions imposed are especially challenging to the Group’s service and installation business, which will impact short term performance. At the same time, the Group sees customers increasingly focusing on ensuring business continuity, why larger projects could be postponed, which will also impact performance short term. Long term the management does not see a risk with respect to the larger projects and the Group is well positioned, due to its leading technology platform.

Other business units like Stunning and Controls Systems (software) are currently not impacted by the out-break of the COVID-19 virus and the Group’s Hygiene business unit is positively impacted, due to increased focus on hygiene and food safety in general at the Group’s customers and related industries.

To mitigate the impact of the outbreak COVID-19 virus on short term performance, the Group has implemented a range of initiatives to boost sales, reduce costs and improve liquidity. Public COVID-19 virus support programs are also utilised, where relevant and applicable.

Events after the balance sheet date

Other than what has been described above regarding COVID-19 virus, there have been no events since 31 December 2019, which could significantly affect the evaluation of the Issuer Group’s financial position and revenue.

Outlook

On the back of the strong revenue momentum in 2019, management expected further revenue growth in 2020 and significantly improved EBITDA due to improved production efficiency. However, the outlook for 2020 is negatively impacted by the outbreak of the COVID-19 virus, but due to the current uncertainty and low visibility, management is not providing a revised full year 2020 outlook.

Alternative performance measures

The Issuer Group assesses its performance using a variety of alternative performance measures which are not defined under IFRS. The Issuer Group applies these measures because it is considered an important supplement measure of the Issuer Group's financial performance. It is to be noted that since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies (even if similarly labelled). Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS.

A reconciliation from these alternative performance measures to the nearest IFRS measure is presented below.

Pro forma revenue (non-IFRS)

Pro forma revenue is defined as revenue from all group entities for the period 1 January to 31 December. Issuer Group entities included are entities where the Issuer Group has made an investment per 31 December and comprise subsidiaries and associated companies. For associated companies, revenue is included on a pro rata basis. For entities acquired during the year, revenue is measured as though the acquisition date for all acquired entities during the year had been as of the beginning of the annual reporting period.

Management considers pro forma revenue to be a useful measure of the full year activities of the Issuer Group, as it is per year-end.

Proforma Turnover for the period ending 31 December	2019	2018
	DKK'000	DKK'000
Revenue for the period ending 31 December	1,662,323	1,418,685
Impact from acquisitions (full year revenue)	11,608	6,516
Impact from associated companies (pro-rata)	32,697	-
Proforma Turnover (non-IFRS)	1,706,628	1,425,201
Turnover (IFRS)	1,662,323	1,418,685

Pro forma EBITDA (non-IFRS)

Pro forma EBITDA is defined as earnings before interest, tax, special non-recurring items, depreciation, amortization and impairment for all group entities for the period 1 January to 31 December. Issuer Group entities included are entities where the Issuer Group has made an investment per 31 December and comprise subsidiaries and associated companies. For associated companies, pro forma EBITDA is included on a pro rata basis. For entities acquired during the year, pro forma EBITDA is measured as though the acquisition date for all acquired entities during the year had been as of the beginning of the annual reporting period.

Management considers pro forma EBITDA to be a useful measure of full year performance of the Issuer Group as it is per year-end by adding financials for associated companies and full year numbers for acquired businesses during the year and by excluding such interest, tax, special non-recurring items, depreciation, amortization and impairment, i.e. the measure is not impacted by capital investments or extraordinary income and expenses that are considered to be non-recurring.

Pro forma EBITDA for the period ending 31 December	2019	2018
	DKK'000	DKK'000
EBITDA (non-IFRS)	184,742	226,090
Impact from acquisitions (full year EBITDA)	2,384	(35)
Impact from associated companies	13,970	-
Pro forma EBITDA (non-IFRS)	201,096	226,055

EBITDA (IFRS)**171,921****207,205***EBITDA (non-IFRS)*

EBITDA is defined as earnings before interest, tax, depreciation, amortization, impairment and special non-recurring items. Management considers EBITDA to be a useful measure to monitor the underlying performance because by excluding the before mentioned items, the measure is not impacted by capital investments when measuring performance.

The following table provides a reconciliation of Operating loss (EBIT) to EBITDA:

EBITDA for the period ending 31 December	2019 DKK'000	2018 DKK'000
Operating loss	(33,798)	(5,140)
Amortisation of intangible assets	89,492	87,750
Depreciation of intangible assets	20,116	17,380
Amortisation of property, plant, machinery and equipment	957	1,507
Depreciation on property, plant, machinery and equipment	18,232	17,488
Depreciation of leased assets	17,125	11,790
Loss on disposals	112	4,662
Special non-recurring items (see specification below)	72,506	90,653
EBITDA (non-IFRS)	184,742	226,090
EBITDA (IFRS)	171,921	207,205

Special non-recurring items (non-IFRS)

Special non-recurring items are defined as non-recurring income and expenses that are not considered to be a part of the Issuer Group's ordinary operations such as restructuring costs and discontinued activities. Management considers adjustments for special items to be a useful measure to monitor the underlying and ordinary performance of the Issuer Group.

The following table provides a specification of special non-recurring items:

Special non-recurring items for the period ending 31 December	2019 DKK'000	2018 DKK'000
External costs related to acquisitions	16,599	10,523
Discontinuing outsourcing activities	23,386	0
Costs of internal restructuring	23,947	66,244
Other	8,574	13,886
Special non-recurring items (non-IFRS)	72,506	90,653
Special non-recurring items (IFRS)	59,797	76,470

Definition of EBITDA in terms and conditions of the Bonds

EBITDA (IFRS) and the alternative performance measures pro forma EBITDA and EBITDA as described and defined in "Alternative performance measures" above are not identical to EBITDA as defined in the terms and conditions of the Bonds. For a definition of EBITDA in the terms and conditions of the Bonds, see "Terms and Conditions of the Bonds".

Description of material contracts

Other than the terms and conditions of the Bonds (see, "Terms and Conditions of the Bonds") and apart from the agreements referred to below, neither the Issuer nor any of the Guarantors are, to the best of the Issuer's knowledge, parties to any material contracts that are not entered into in the ordinary course of business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds or the Guarantors' ability to meet its obligations under the Guarantee (as defined in "—Transaction security and Guarantee" below).

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

Transaction security and Guarantee

In connection with the issuance of the Bonds, transaction security documents and guarantees was provided in favour of the Secured Parties, who share the same security, pursuant to the terms of the Intercreditor Agreement (as defined and described in “—*Intercreditor Agreement*” below).

On the date of this Prospectus, the obligations of the Issuer and the Guarantors under the Bonds, are secured by the following transaction security:

- (a) security over all of the shares in:
 - (i) the Issuer (incorporated in Denmark) governed by Danish law;
 - (ii) Frontmatec Tandslet A/S (incorporated in Denmark) governed by Danish law;
 - (iii) Frontmatec Skive A/S (incorporated in Denmark) governed by Danish law;
 - (iv) Frontmatec Kolding A/S (incorporated in Denmark) governed by Danish law;
 - (v) Frontmatec GmbH (incorporated in Germany) governed by German law;
 - (vi) Frontmatec Hygiene GmbH (incorporated in Germany) governed by German law;
 - (vii) Frontmatec Inc. (incorporated in Missouri, USA) governed by the laws of the State of New York; and
 - (viii) Frontmatec Equipment Inc. (incorporated in Quebec, Canada) governed by the laws of Canada;
- (b) the Danish law governed security granted by Frontmatec Tandslet A/S in respect of (i) a first priority mortgage (in Danish: underpant) over a fourth ranking DKK 3,000,000 owner’s mortgage deed (in Danish: ejerpantebrev) originally dated 12 July 1989 registered over title no. 276 Tandslet Ejerlaug, Tandslet located at Mommarksvej 293, DK-6470, (ii) a fifth ranking DKK 2,500,000 all monies mortgage deed (in Danish: skadesløsbrev) originally dated 24 June 1999 registered over title no. 276 Tandslet Ejerlaug, Tandslet located at Mommarksvej 293, DK-6470 and (iii) a first ranking DKK 37,700,000 floating charge registered in respect of certain assets of Frontmatec Tandslet A/S;
- (c) the Danish law governed security granted by Frontmatec Kolding A/S regarding a first ranking DKK 15,000,000 floating charge registered in respect of certain assets of Frontmatec Kolding A/S; and
- (d) the Danish law governed security granted by the Issuer of its rights under any Structural Intra-Group Loans.

The Issuer, the guarantors listed in “*Overview – The Guarantors*” above, and Nordic Trustee A/S are parties to a guarantee and adherence agreement dated 10 October 2019 (the “**Guarantee and Adherence Agreement**”), pursuant to which the guarantors guarantee, subject to the limitations set out in the Guarantee and Adherence Agreement or in any accession letter pursuant to which a guarantor has acceded to the Guarantee and Adherence Agreement, amongst others, the obligations of the Issuer and the guarantors pursuant to the Bonds, the Super Senior RCF (as defined and described in “—*Super Senior Revolving Credit Facility Agreement*” below), certain hedging arrangements entered into by the Issuer or another member of the Group, and subject to certain conditions certain new debt obligations undertaken by members of the Group (the “**Guarantee**”).

Super Senior Revolving Credit Facility Agreement

On 10 October 2019, the Issuer, Frontmatec Holding I ApS as Parent and Frontmatec Tandslet A/S, Frontmatec Skive A/S and Frontmatec Kolding A/S as Original Borrowers entered into a DKK 350,000,000 revolving credit facility agreement with Nordea Danmark, Filial af Nordea Bank Abp, Finland and Nykredit Bank A/S as original lenders and

joint mandated lead arrangers for the purpose of financing the Group's working capital requirements (the "**Super Senior RCF**"). The Super Senior RCF was amended in the second half of April 2020. The Super Senior RCF includes a revolving credit facility for general corporate purposes and may also be applied for the issuance of bank guarantees (mainly offer bonds, performance bonds, pre-payment bonds and payment bonds (including for the purposes of foreign VAT registrations)). At present, cash drawings under the revolving credit facility is limited to up to DKK 175 million. The Issuer and the lenders under the Super Senior RCF have agreed the terms of a temporary increase of the limit of cash drawings under the revolving credit facility to 265 million, with such cash draw limit to be reduced to DKK 225 million on 1 January 2021 and be further reduced back to its current level of DKK 175 million on 1 July 2021. The entry into force of such temporary increase of the cash draw limit is subject to certain conditions which are within the control of the majority shareholders of the Issuer to meet. On the date of this Prospectus there is no actual need of an increase of the cash draw limit. While it is the expectation of the Issuer that the Issuer's majority shareholders will take steps to meet the conditions in order for the temporary increase of the cash draw limit to become effective, there is no obligation for the majority shareholders to do so.

In addition to certain incurrence based covenants, the Super Senior RCF contains a maintenance financial covenant requiring the Group to maintain a maximum ratio of cash drawings under the Super Senior RCF to EBITDA of the Group to be measured each quarter, the first time as of 31 March 2020. The maintenance covenant levels have been reset in connection with the amendment of the Super Senior RCF in the second half of April 2020 and takes into account the Issuer's then expected impact of COVID-19 on the Group's business and financial position.

The Super Senior RCF matures no later than 30 July 2024. Interest accrues and has to be paid pursuant to the Super Senior RCF on an ongoing basis.

The terms of the Super Senior RCF are in all material respect similar to those of the terms and conditions of the Bonds, except for the terms in respect *inter alia* of interest, fees and repayment and except that certain additional covenants (including, but not limited to, the maintenance financial covenant described above) have been undertaken by the Issuer and the Guarantors in the Super Senior RCF compared to those of the terms and conditions of the Bonds.

Intercreditor Agreement

On 10 October 2019, in connection with the entering into of the Super Senior RCF and the issue of the Bonds, the Issuer, the guarantors listed in "*Overview – The Guarantors*" above, Nordea Danmark, Filial af Nordea Bank Abp, Finland as original senior agent, Nordea Danmark, Filial af Nordea Bank Abp, Finland and Nykredit Bank A/S as original super senior RCF lenders and original hedge counterparties and Nordic Trustee A/S as original bonds agent and original security agent, among others, entered into an intercreditor agreement (the "**Intercreditor Agreement**").

The Intercreditor Agreement, *inter alia*, sets out: (i) the relative ranking of certain indebtedness; (ii) the relative ranking of the transaction security and the guarantees; (iii) when payments can be made in respect of certain indebtedness; (iv) turnover provisions; (v) the terms pursuant to which such indebtedness will be subordinated upon the occurrence of certain insolvency events; (vi) when enforcement actions can be taken in respect of such indebtedness; and (vii) release of the transaction security and the guarantees.

According to the terms of the Intercreditor Agreement, the Super Senior Debt (as defined in the Intercreditor Agreement and covering, *inter alia* the indebtedness under the Super Senior RCF and certain hedging arrangements entered into by the Issuer or another member of the Group and the Senior Debt (as defined in the Intercreditor Agreement and covering, *inter alia*, the indebtedness under the Bonds and certain new debt) will rank in right and priority of payment *pari passu* and without any preference between them, but subject always to the allocation of proceeds provision as set out in clause 15 (*Application of Recoveries*) of the Intercreditor Agreement. Said provision provides, *inter alia*, that following an Enforcement Action (as defined in the Intercreditor Agreement), the holders of the Bonds will receive proceeds distributable by the Security Agent only after the Super Senior Debt has been repaid in full.

Legal and arbitration proceedings

Disputes are not unusual in the industry in which the Group operates and the Group may become involved in disputes from time to time in the course of its business operations.

The Group is not currently engaged in any material litigation, arbitration, prosecution or other legal proceeding which may have, or have had in the recent past, significant effects on the Issuer and/or the Group's financial position or profitability, and there are no such proceedings that are pending against the Group of which the Group is aware.

MANAGEMENT

The Executive Management and Board of Directors

The following table sets out the Executive Management team and the Board of Directors of the Issuer as at the date of this Prospectus, together with their positions at the Issuer and an indication of the principal activities performed by them outside of the Issuer where these are significant with respect to the Issuer.

<u>Name</u>	<u>Position</u>	<u>Other Directorships/Responsibilities</u>
<u>Executive Management</u>		
Jens Kristensen	Chief Executive Officer, CEO	
Thomas Nybo Stenager	Chief Financial Officer, CFO - Finance, IT and Legal Affairs	
Henrik Andersen	Chief Commercial Officer, CCO	
<u>Board of Directors</u>		
Arne Vraalsen	Chairman	Arne Vraalsen is an industrial investor and is currently chairman of YTAB Group AB and MMAB Group AB
Christoffer Arthur Müller	Deputy chairman	Partner, Axcel Management A/S, Deputy chairman of Mountain Top Group ApS
Christian Gymos Schmidt-Jacobsen		Managing partner, Axcel Management A/S, member of the board of Delete Group and Isadora
Jan Kjærsgaard		Group executive vice president and president cement in FLSmidth

The business address of all members of the Executive Management and Board of Directors is Platinvej 8, 6000 Kolding, Denmark.

No conflicts or potential conflicts of interest exist between any duties to the Issuer of the members of the Executive Management and the Board of Directors and their private interests or other duties.

The Issuer and Jens Kristensen have entered into an agreement concerning the termination of Jens Kristensen's employment as CEO of the Issuer pursuant to which Jens Kristensen will be released from his duties to work for the Issuer as of 1 June 2020. From said date, Jens Kristensen will be deregistered as member of the management of the Issuer and the relevant other members of the Group in which Jens Kristensen currently holds a management position.

OTHER INFORMATION

Clearing and settlement

The Bonds have been issued in accordance with Danish law in uncertificated and dematerialised book-entry form and have been registered in VP Securities A/S' ("VP") account-based system. No physical notes or certificates have or will be issued. Ownership of the Bonds is recorded and transfer effected only through the book entry system and registered maintained by VP Securities A/S in accordance with the rules and procedures of VP Securities A/S. Payment of principal, interest and, if applicable, withholding tax will be made through the system of VP Securities A/S. VP Securities A/S' address is Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark (CVR number 21 59 93 36).

The ISIN for the Bonds is DK0030452263.

The nominal amount of each Bond issued is EUR 0.01 (the "**Nominal Amount**"). The aggregate Nominal Amount of the Bonds issued is EUR 175,000,000. Each Bond in VP Securities A/S, will be registered with a minimum trading unit of EUR 100,000 (the "**Minimum Trading Unit**"), meaning that the Bonds can only be traded in portions having an aggregated nominal amount of EUR 100,000 or, if greater, an even multiple of EUR 0.01. If a Bondholder holds Bonds in a Nominal Amount less than the Minimum Trading Unit, the Bondholder would not be able to trade such Bonds without first purchasing a principal amount of Bonds at or in excess of the Minimum Trading Unit such that the aggregate Nominal Amount held by the Bondholder is equal to at least the Minimum Trading Unit.

Description of the Issuer and Parent

The Issuer's legal name is Frontmategroup ApS. The Issuer is registered in Denmark with the Danish Business Authority with the registration number (CVR number) 37 77 37 43. The Issuer's municipality of domicile is Kolding Municipality. The Issuer was incorporated on 6 June 2016, and the life of the Issuer is indefinite. The Issuer is a limited liability company incorporated in Denmark and subject to the Danish Companies Act and other relevant Danish legislation. The Issuer has in accordance with Section 23 of the Danish Capital Markets Act chosen Denmark as its home country. The Issuer has its registered office and address at Platinvej 8, DK-6000 Kolding, Denmark, telephone number: +45 76 34 27 00. The Issuer's LEI code is 549300L2VDVI7KPEL330.

The Parent's legal name is Frontmategroup Holding I ApS. The Parent is registered in Denmark with the Danish Business Authority with the registration number (CVR number) 37 85 77 69. The Parent was incorporated on 6 July 2016, and the life of the Parent is indefinite. The Parent is a limited liability company incorporated in Denmark and subject to the Danish Companies Act and other relevant Danish legislation. The Parent has its registered office and address at Platinvej 8, DK-6000 Kolding, Denmark, telephone number: +45 76 34 27 00.

Description of the Auditor

Deloitte Statsautoriseret Revisionspartnerselskab, City Tower, Værkmestergade 2, DK- 8000 Aarhus C, represented by Danish State-Authorised Public accountants a) Thomas Rosquist Andersen and Søren Aisen Lauridsen, have audited the Issuers' consolidated financial statements for the financial year ended 31 December 2018, and b) Søren Aisen Lauridsen and Bill Haudal Pedersen have audited the Issuers' consolidated financial statements for the financial year ended 31 December 2019, each without qualification, in accordance with International Financial Reporting Standards as adopted by the European Union. The Issuers' external auditor is a member of FSR – Danish Auditors.

Except as stated in this paragraph, no other information in this Prospectus has been audited or reviewed.

Description of the Security Agent

The Security Agent is Nordic Trustee A/S. The Security Agent is incorporated in Denmark and registered with the Danish Business Authority with the registration number (CVR number) 34 70 57 20. Its registered address is Bredgade 30, 1260 Copenhagen K, Denmark. For more information please visit www.nordictrustee.com.

Description of the Agent

The Agent is Nordic Trustee A/S. The Agent is incorporated in Denmark and registered with the Danish Business Authority with the registration number (CVR number) 34 70 57 20. Its registered address is Bredgade 30, 1260 Copenhagen K, Denmark. For more information please visit www.nordictrustee.com.

Additional documents available for inspection

In addition to the documents in the above section “*Documents incorporated by reference*”, copies of the following documents are available at the website of the Issuer (www.frontmatec.com) throughout the period of validity of the Prospectus:

- The Issuer’s memorandum of association dated 6 June 2016 and articles of association dated 19 April 2017.
- The Guarantee and Adherence Agreement.

The latest version of the terms and conditions of the Bonds (including any document amending the terms and conditions of the Bonds) will be available on the websites of the Issuer (www.frontmatec.com) and the Agent (www.nordictrustee.com).

The latest version of the Intercreditor Agreement, the Security Documents (as defined in the terms and conditions of the Bonds) and all other Finance Documents (as defined in the terms and conditions of the Bonds) shall be available for inspection by the Bondholders at the office of the Agent during the Agent’s normal business hours. The Agent may charge the requesting Bondholder a reasonable administrative fee for making Finance Documents available.

Profit forecasts or estimates

The Group has not historically prepared profit forecasts or estimates and no profit forecast or estimate is included in this Prospectus. Reference is made to “*Description of the Issuer and the Group – Financial highlights for the Issuer Group - Outlook*” for a description of why the Issuer has not prepared an outlook for 2020.

Significant change in the financial or trading position

Except as set out in “*Description of the Issuer and the Group – Financial highlights for the Issuer Group – Events after the balance sheet date*”, there has been no significant change in the financial or trading position of the Issuer or of the Group as a whole since 31 December 2019 and no material adverse change in the prospects of the Issuer or the Group as a whole since 31 December 2019.

Material interests

The Issuer is not aware of any material interests in the admission to trading of the Bonds on Nasdaq Copenhagen A/S, including any conflicts of interest.

Third party information

The Issuer confirms that no third party information has been reproduced in this Prospectus.

Statements regarding competitive position

Statements made in this Prospectus referring to the Group’s competitive position are based on the Group’s belief, and in some cases rely on the Group’s internal assessment of market share based on publicly available information about the financial results and performance of market participants. Market share estimates contained in this document are based on management estimates unless otherwise indicated.

Corporate approval of the issuance of the Bonds

The issue of the Bonds in the amount of EUR 175,000,000 (with possibility to issue subsequent bonds) were authorised by a resolution of the Board of Directors of the Issuer passed on 8 October 2019. The application to have the Bonds admitted to trading and official listing on the regulated market of Nasdaq Copenhagen A/S were authorised by a resolution of the Board of Directors of the Issuer passed on 29 April 2020.

Legal adviser

Gorrissen Federspiel Advokatpartnerselskab, Axeltorv 2, DK-1609 Copenhagen V, Denmark, has advised the Issuer on Danish law in connection with the admission to trading and official listing of the Bonds.

Listing information

The Bonds are expected to be admitted to trading and official listing on the regulated market of Nasdaq Copenhagen A/S with effect from or about 1 May 2020. The Issuer estimates that the total expenses related to the admission to trading and official listing on Nasdaq Copenhagen A/S amounts to approximately DKK 39,000 (exclusive of VAT).

Credit rating

No credit rating has been assigned to the Bonds at the request of or with the cooperation of the Issuer in the ratings process.