



**COMPANY DESCRIPTION**  
for  
**Nordisk Bergteknik AB (publ)**

for the admission to trading on  
**Nasdaq Stockholm First North Bond Market**  
of **SEK 600,000,000**

**SENIOR SECURED FLOATING RATE BONDS**  
**2019/2023**

**ISIN: SE0012729234**

*Nasdaq First North Bond is an MTF, as defined in EU legislation (as implemented in national law), operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Bond are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations. The risk in investing in an issuer on Nasdaq First North Bond may therefore be higher than investing in an issuer on the main market. The Exchange approves the application for admission to trading.*

## Important information

This company description (the “**Company Description**”) relates to Nordisk Bergteknik AB’s (the “**Issuer**”) application for admission to trading on Nasdaq Stockholm First North Bond Market of the Senior Secured Floating Rate Bonds (the “**Bonds**”), as described in the Terms and Conditions (as defined below) applicable to the Bonds. This Company Description does not constitute a prospectus and has not been registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) nor does it constitute an offer to buy or sell the Bonds.

In this Company Description, “**Nordisk Bergteknik**”, the “**Company**” or the “**Group**”, depending on the context, refers to the Issuer, the group in which the Issuer is the parent company or a subsidiary of the group in which the Issuer is the parent company.

## Notice to investors

On 26 June 2019 (the “**Issue Date**”) the Issuer issued a bond loan in the amount of SEK 300,000,000. The initial nominal amount of each bond is SEK 1,250,000 (the “**Nominal Amount**”) (the “**Bonds**”). The maximum nominal amount of the Bonds may not exceed SEK 600,000,000 unless a consent from the Bondholders is obtained pursuant to the Terms and Conditions. This Company Description has been prepared for the listing of the loan constituted by the Bonds on a Regulated Market.

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) or the securities laws of any state or other jurisdiction outside Sweden, and accordingly may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws.

Each potential Holder of the Bonds must in light of its own circumstances determine the suitability of the investment. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this document or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (d) understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant indices and financial markets; and
- (e) scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

**Forward-looking statements and market data**

The Company Description contains certain information, including information on the Issuer's plans and future financial or operating performance and other statements that express the Issuer's management's expectations or estimates of future performance, which constitutes forward-looking statements. The statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. The Issuer cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Issuer to be materially different from the Issuer's estimated future results, performance or achievements expressed or implied by forward-looking statements.

## **Definitions**

Words and expressions defined in the terms and conditions governing the Bonds (the “**Terms and Conditions**”) and beginning on page 42, shall have the same meaning when used in this Company Description, unless otherwise expressly stated or if the context requires otherwise.

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## 1. Description of the group

### 1.1 Information on the Issuer

The Issuer's legal and commercial name is Nordisk Bergteknik AB (publ) and the Issuer is a Swedish public limited liability company (Sw. *publikt aktiebolag*) with Swedish Reg. No. 559059-2506. The registered office of the Issuer is Östra Hamngatan 52, 411 08 Göteborg, Sweden and the Issuer's seat is located in Göteborg, Sweden.

The Issuer was formed in Sweden on 24 Mars 2016 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 18 April 2016. The Issuer is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) and the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen* (1995:1554)).

Pursuant to the Issuer's Articles of Association, the object of the Issuer's business shall be to, directly or indirectly through its subsidiaries, conduct business within construction, foundation, ground and rock handling and to carry out any other business incidental or related to the foregoing activities.

### 1.2 Information on the Guarantors

#### **Norrbottnens Bergteknik AB**

Norrbottnens Bergteknik AB ("**Norrbottnens Bergteknik**" or the "**Guarantor**") was formed in Sweden on 14 May 1991 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 1 July 1991 and is a Swedish private limited liability company (Sw. *publikt aktiebolag*) with Swedish Reg. No. 556428-9063. The registered office of Norrbottens Bergteknik is Betonggatan 3, 942 36 Älvsbyn and the Guarantors seat is located in Kommun 60, Älvsbyn, Sweden.

The Guarantor is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) and the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen* (1995:1554)).

Pursuant to the Guarantor's Articles of Association, the objective of the Guarantor's business shall be to conduct business within drilling and blasting of rock masses and to carry out any other business incidental or related to the foregoing activities.

#### **Pålab Holding AB**

Pålab Holding AB ("**Pålab Holding**" or the "**Guarantor**") was formed in Sweden on 21 August 2006 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 13 September 2006 and is a Swedish private limited liability company (Sw. *publikt aktiebolag*) with Swedish Reg. No. 556710-7775. The registered office of Pålab Holding is Signalgatan 16, 442 40 Kungälv and the Guarantors seat is located in Göteborg, Sweden.

The Guarantor is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) and the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen* (1995:1554)).

Pursuant to the Guarantor's Articles of Association, the objective of the Guarantor's business shall be to own, manage and develop companies in the construction and foundation construction business and to carry out any other business incidental or related to the foregoing activities.

### **Pålaktiebolaget Svenska**

Pålaktiebolaget Svenska ("**Pålaktiebolaget**" or the "**Guarantor**") was formed in Sweden on 12 June 2003 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 21 October 2003 and is a Swedish private limited liability company (Sw. *publikt aktiebolag*) with Swedish Reg. No. 556650-7496. The registered office of Pålaktiebolaget is Signalgatan 16, 442 40 Kungälv and the Guarantors seat is located in Göteborg, Sweden.

The Guarantor is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) and the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen* (1995:1554)).

Pursuant to the Guarantor's Articles of Association, the objective of the Guarantor's business shall be to conduct foundation construction, foundation reinforcement business and to carry out any other business incidental or related to the foregoing activities.

### **Vestfold Fjellboring AS**

Vestfold Fjellboring ("**Vestfold**" or the "**Guarantor**") was formed in Norway on 7 July 1989 and registered with the Norwegian Brønnøysundregistrene on 13 March 1990 and is a Norwegian limited company with Norwegian Reg. No. 952960326. The registered office of Vestfold is Nordre Kullerød 6, 3241 Sandefjord and the Guarantors seat is located in Sandefjord, Norway.

The Guarantor is governed by Norwegian law.

Pursuant to the Guarantor's Articles of Association, the objective of the Guarantor's business shall be to conduct rock drilling business and to carry out any other business incidental or related to the foregoing activities.

### **Fjellsprenger AS**

Fjellsprenger AS ("**Fjellsprenger**" or the "**Guarantor**") was formed in Norway on 2 August 2007 and registered with the Norwegian Brønnøysundregistrene on 11 August 2007 and is a Norwegian limited company with Norwegian Reg. No. 991566414. The registered office of Fjellsprenger is Industriveien 3, 3610 Kongsberg and the Guarantors seat is located in Kongsberg, Norway.

The Guarantor is governed by Norwegian law.

Pursuant to the Guarantor's Articles of Association, the objective of the Guarantor's business shall be to conduct rock handling business, such as drilling and blasting.

### **Norsk Fjellsprenngning AS**

Norsk Fjellsprenngning AS ("**Norsk Fjellsprenngning**" or the "**Guarantor**") was formed in Norway on 1 November 2004 and registered with the Norwegian Brønnøysundregistrene on 10 November 2004 and is a Norwegian limited company with Norwegian Reg. No. 987459441. The registered office of Norsk Fjellsprenngning is Nordre Kullerød 6, 3241 Sandefjord and the Guarantors seat is located in Sandefjord, Norway.

The Guarantor is governed by Norwegian law.

Pursuant to the Guarantor's Articles of Association, the objective of the Guarantor's business shall be to conduct blasting, digging and moving of masses.

### **Songdalen Fjellsprenngning AS**

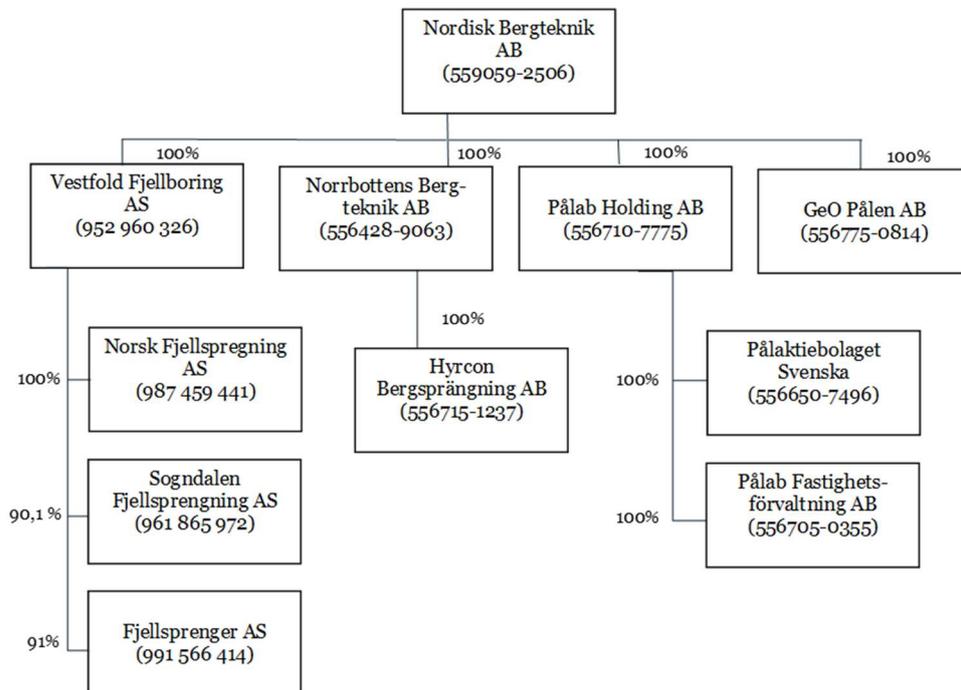
Songdalen Fjellsprenngning AS ("**Songdalen**" or the "**Guarantor**") was formed in Norway on 7 October 1991 and registered with the Norwegian Brønnøysundregistrene on 30 October 1991 and is a Norwegian limited company with Norwegian Reg. No. 911733129. The registered office of Norsk Fjellsprenngning is Rosselandsvegen 46, 4647 Brennåsen and the Guarantors seat is located in Sandefjord, Norway.

The Guarantor is governed by Norwegian law.

Pursuant to the Guarantor's Articles of Association, the object of the Guarantor's business shall be to conduct contracting business, transport and trading activities that are related to the foregoing activities and those of the Group companies.

## **1.3 Business model and organization**

The Issuer is the parent company of the Group. The Issuer's operations mainly consist of business within construction, foundation, ground and rock handling as well as the direct or indirect shareholding in operational subsidiaries, why it is also reliant on the subsidiaries' ability to, in aggregate, generate revenues and profits to be able to fulfil its payment obligations under the Bonds. The Issuer's shareholding of directly and indirectly owned and co-owned subsidiaries as at the date of this Company Description is outlined in the below table.



The Issuer, together with its subsidiaries, provides services to the infrastructure and construction industry, mainly consisting of rock handling such as drilling and blasting, and foundation solutions such as piling, sheet piling and foundation reinforcement. The Group is the largest above-ground drilling and blasting provider in the Nordic Region.

The Issuer, through its subsidiaries, is active within primarily three business areas. In the business area “contracting”, the Issuer works as a subcontractor. The customers are often major infrastructure or building construction companies that have the overall contractual responsibility and contract the Issuer to support their own, in-house, drilling and blasting know-how. These services are usually procured locally for each individual project. For the business area “ballast” the customers are owners of quarries and suppliers of gravel, coarse stone or other crushed products. The Issuer’s subsidiary Norrbottens Bergteknik AB is contracted to drill and blast in the quarries of a number of larger and mid-size companies. Within the third area, “mining”, the Issuer provides services above ground.

As outlined in the above paragraph, the primary business concept of the Group is to constitute a subcontractor to major companies on the market. The Group provides its services to the Swedish and Norwegian market.

#### 1.4 Significant market and competitive situation

The Group operate on a fairly narrow and competitive market. With regards to the rock business of the Group, the competition in terms of significance essentially consist of three to five actors equivalent in terms of size and capacity. In terms of the size of the Group's business, the Group aims to be the leading independent provider of above-ground drilling and blasting on the market.

The Issuer estimates that approximately 20 actors that carry out piling business constitutes competitors to the Group. The Group's piling business is primarily carried out through the subsidiary Pålaktiebolaget Svenska and its subsidiary. In general, the Issuer's peers are local, however some international competitors are also present in the Nordic region.

The current competitors of the Group offer substitutable and/or similar services and the Group might also face competition from new entrants on the blasting- and piling markets. Large construction corporations usually contract the Group's blasting operations and such customers might establish or expands their use of in-house personnel for such operations in the future. Thus, the competition conditions could reduce the Group's chances of receiving new contracts and put additional pressure on the prices offered by the Group.

#### 1.5 Summary of Nordisk Bergteknik's history and development

2016	Nordisk Bergteknik AB (publ) is registered.
2017	Acquisition of Vestfold Fjellboring AS and Norsk Fjellsprengning AS.
2018	Acquisition of Sogndalen Fjellsprengning AS and Fjellsprenger AS.
2019	Acquisition of Hyrcon Bergsprängning AB. Acquisition of Pålåb Holding AB and its subsidiaries.

#### 1.6 Application for admission to trading and use of the proceeds

The Issuer, Nordisk Bergteknik AB (publ), is applying for its fixed income instruments to be admitted to trading on Nasdaq First North Bond Market in Sweden. The Issuer under-takes to comply with the Rules in force at Nasdaq First North Bond Market at any point in time.

The Issuer shall, as described in the Terms and Conditions applicable to the Bonds, use the Net Proceeds from the issue of the Initial Bonds for refinancing in full of the Issuer's existing financing as well as for the Issuer's general corporate purpose, including acquisitions.

## 2. Risk factors

*Investments in corporate bonds always entail a certain degree of risk, including the risk of losing the value of the entire investment, and this is also the case for an investment in the Bonds. A number of factors, within the Issuer's control but also factors not controllable by Nordisk Bergteknik, affect and may come to affect the Issuer's operations, result, financial position and the Bonds. In this section a number of risk factors are described, including general risks attributable to the Issuer's business operations and key risks linked to the Bonds in their capacity as financial instruments. The intention is to describe risks that are linked to the Issuer's business operations and thus also the Issuer's ability to fulfil its obligations in accordance with the terms and conditions of the Bonds (the "**Terms and Conditions**"), including to pay interest or principal when due, and the market risk with the Bonds.*

*Before making a decision to acquire the Bonds, any potential investors should carefully consider the risk factors outlined below, as well as any other information provided by the Issuer in relation to the Bonds. In addition, an investor must, alone or together with its financial and other types of advisers, engage in a general evaluation of external facts, other information provided by the Issuer in relation to the Bonds and general information about the rock services market from its own perspective. An investor should have adequate knowledge to evaluate the risk factors as well as sufficient financial strength to bear these risks.*

*The presentation of risks is not exhaustive, as other additional unknown risk factors or risk factors which are currently not deemed to be material may also affect the Issuer's future business operations, earnings, financial position, and thus the Issuer's ability to fulfil its obligations in accordance with the Terms and Conditions, nor are the risks ranked in order of importance.*

*Various forward-looking statements are contained herein, including statements regarding the intent, belief or current expectations of the Issuer or its management with respect to, among other things, (i) the Issuer's target market, (ii) evaluation of the Group's markets, competition and competitive position and (iii) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and outcomes to be materially different from any future results, performance or outcomes expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the risk factors described below.*

*Terms used but not defined in these risk factors have the same meaning as ascribed to them in the Terms and Conditions.*

## **2.1 Risks related to the Group, its business and industry**

### **2.1.1 The Issuer is dependent on cash flow from its Subsidiaries**

The Issuer is the parent company of the Group and does not conduct any business operations, but merely functions as a holding company for the operating business of the Group. The Issuer's business consists of group management and group-wide functions.

The Issuer's ability to service its debts and funding is dependent on the ability of its Subsidiaries to transfer available cash resources to it. The transfer of funds to the Issuer from its subsidiaries may be restricted or prohibited by legal and contractual requirements applicable to the respective Subsidiaries. Limitations or restrictions on financial transactions between Group Companies may become more restrictive in the event that the Group has troubles with liquidity and its financial position. This could have an adverse effect on the Group's business operations, earnings and financial position.

### **2.1.2 The Group is subject to risks relating to changes in the economy and the general state of trade**

The Group's industry is exposed to risks related to changes in the economy and the general state of trade. In times of recession, the general demand for construction work typically declines, which may affect the demand for the Group's services. As the Group's customers are also part of the construction industry, a general economic downturn may also affect the Group's customers' financial situation and ability to pay for received services. This risk could have an adverse effect on the Group's business operations, earnings and financial position.

### **2.1.3 Changes in political incentives could have a negative impact on the Group**

A majority of the construction projects that the Group is engaged in have emerged as a result of governmental incitements and investments relating to infrastructure and housing and the end customers are in the majority of the projects within the public sector. In recent times, such projects have been part of the politically prioritized agenda in Scandinavia. Nevertheless, should the political agenda change, the demand for the Group's services may decline and affect the Group's profitability. This risk could have an adverse effect on the Group's business operations, earnings and financial position.

### **2.1.4 The Group Companies are dependent on receiving a high volume of new contracts on a yearly basis**

The Group Companies are engaged as subcontractors and only perform a specific, short-term task as part of an overall project. The Group Companies have low profit margins on the services they provide, and thus are required to obtain a high volume of assignments on a yearly basis to achieve profitability.

Although several of the Group Companies enter into framework agreements establishing the main terms and conditions for contracts to be awarded during a

given period, there are no firm commitments to purchase the Group's services in these agreements. Instead, the Group's customers may place orders under the framework agreements from time to time or under separate project specific agreements. There is a risk that the Group's customers do not continue to place orders or enter into project specific agreements with the Group Companies to the current extent. This risk could have an adverse effect on the Group's business operations, earnings and financial position.

**2.1.5 The Group's piling business is dependent on its suppliers and delays or nonfulfilment of agreed services may have a negative impact the Group's operations**

The Group Companies' customer agreements typically contain delay penalties. Therefore, it is important that the Group Companies perform their assignments effectively and on time to avoid additional costs. As the materials and supplies for the Group's piling operations are project specific and generally not held in stock, the piling companies within the Group are highly dependent on their suppliers and timely deliveries. Delays or non-fulfilment of agreed services may affect the Group Companies ability to fulfil their commitments against customers and furthermore could result in costly delay penalties. This risk may have an adverse effect on the Group's business operations, earnings and financial position.

**2.1.6 The Group is subject to environmental risks**

The Group transports, stores and handles explosive substances and heavy machinery equipment, which may impose environmental risks relating to contaminations on land or in water or similar environmental damages. According to Swedish legislation, a party that has conducted business operations, which have contributed to a contamination (including spreading or aggravating an existing contamination) or serious environmental damage, can be held responsible for remediation of the contaminated or damaged area. Depending on the type and magnitude of the contaminations or damage, such remediation could be costly, which in turn could have an adverse effect on the Group's business operations, earnings and financial position.

In addition, the Group's operations (including drilling, blasting, and rock reinforcement) as such poses a risk for civil law environmental damages claims including personal injury, property damage or economic loss. According to Swedish and Norwegian legislation there is, as a general rule, strict liability for damages caused by operations to the surroundings. Depending on the type and magnitude of the damage compensation could be costly, which in turn could have an adverse effect on the Group's business operations, earnings and financial position.

**2.1.7 The Group's business activities require various permits and licences**

The Group's business activities require various permits and licenses, e.g. permits and licenses pertaining to blasting operations as well as transportation and handling of explosives. Several of the permits and licences are project specific, and

thus limited in time. If the Group Companies' permits or licenses are withdrawn or cannot be obtained as intended, the Group would be unable to operate its ordinary business activities. Such incapacity could have an adverse effect on the Group's business operations, earnings and financial position.

#### **2.1.8 The work environment at construction sites poses risks for the Group**

Most of the Group Companies' staff work on construction sites and are required to use large and potentially dangerous tools and pieces of machinery in their everyday work. In addition, there are several risks associated with blasting operations as such, including risk of misfired charges and undetonated explosives. Thus, the environment where the Group operates its business poses an increased risk of workplace accidents.

The most common workplace accidents are slip, trip and cut wounds. In certain cases, workplace accidents can have fatal outcomes, which could lead to both criminal and civil charges according to Swedish and Norwegian law as well as bad publicity for the Group. The risk of workplace accidents could have an adverse effect on the Group's business operations, earnings and financial position.

#### **2.1.9 Negative publicity could adversely affect the Group's business**

Generally, incidents involving explosives are well publicized. In recent years, Norrbottens Bergteknik Aktiebolag ("**Norrbottens Bergteknik**") has been subject to negative publicity relating to two blasting operations. The blasting operations were carried out at Landvetter Airport in Gothenburg and in Mariefred.

As regards the blasting operation in Gothenburg, a worker at the construction site claimed that Norrbottens Bergteknik left behind over 150 undetonated explosives at the site. The worker also claimed that Norrbottens Bergteknik blasting operation resulted in unwanted flying material on a highway near the construction site.

As regards the blasting operation in Mariefred, Norrbottens Bergteknik caused damage to a house that was located close to the construction site. The incident resulted in a serious incident report with the Swedish Work Environment Authority.

The abovementioned negative publicity as well as any future negative publicity regarding the Group could have an adverse effect on the Group's business operations, earnings and financial position.

#### **2.1.10 The Group is exposed to risks relating to its park of machinery equipment**

The Group is dependent on its machinery equipment to be able to perform contracted services. Generally, the machines are financed by instalment purchases that are paid off during several years. The quantity of the Group's machinery equipment is relatively large and specifically tailored for the current market demand. Should the market demand decline, it could be hard for the Group to sell off machinery equipment without incurring a substantial loss, or at all. Thus, the

large quantity of machinery equipment could have an adverse effect on the Group's business operations, earnings and financial position.

There is a risk that new future technology would make the Group's current machinery equipment less competitive or obsolete, and thus requiring the Group to invest in new machines. Such capital spending carries a risk and could have an adverse effect on the Group's business operations, earnings and financial position.

Moreover, the machinery equipment and spare parts mainly consists of steel and the machines require fuel to be able to function. Both fuel and steel prices are subject to fluctuations as a result of global demand and supply, which in turn is affected by a number of factors including changes in global economic conditions and the availability of substitute products. An increase in fuel and/or steel prices would increase the Group's cost. This could have an adverse effect on the Group's business operations, earnings and financial position.

#### **2.1.11 The Group is dependent on external financing**

The Group is dependent on obtaining external financing at acceptable market terms in order to refinance its debt as it falls due, fund its machinery equipment and to - from time to time - fund acquisitions of companies that are in line with the Group's strategic objectives.

The possibility for the Group to obtain external financing is dependent on several factors, such as the Group Companies' credit rating and the general availability of favourable financing in the capital market at the relevant time. In case of decreased profitability of the Group Companies, or deficiency in the capital market, the Group could be unable to obtain external financing at acceptable market terms, or at all. Failure to obtain financing when needed, or on unfavorable terms, are risk factors that could have an adverse effect on the Group's business operations, earnings and financial position.

#### **2.1.12 The Group is exposed to risks relating to external financing**

The Group has a substantial amount of debt and debt service obligations. The Group's substantial degree of debt may itself limit the Group's ability to obtain additional debt and financing. This could have an adverse effect on the Group's business operations, earnings and financial position.

If a Group Company is in breach of any of its covenants under existing financing agreements (e.g. financial covenants), there is a risk that loans will be accelerated, leading to immediate repayment or the creditor taking possession of Security. Furthermore, certain loan and/or lease agreements contain cross-default provisions, which risk to trigger the acceleration of other payment obligations within the Group. Thus, there is a risk that a breach of the covenants could have an adverse effect on the Group's business operations, earnings and financial position.

**2.1.13 The Group could be held liable for damages**

The Group Companies perform most their services on customers' and third parties premises. With regards to the nature of the Group Companies business activities (e.g. blasting and piling operations), the Group is exposed to an increased risk of causing damage to property that does not belong to the Group. The coverage of the Group's insurance has an immediate effect on the risk exposure and insufficient coverage, or failure to maintain sufficient coverage, may result in liability and cash-out event(s) for the Group. This could have an adverse effect on the Group's business operations, earnings and financial position.

**2.1.14 The Group faces challenges with regards to labour shortages**

Labour shortage is a challenge within the Group's industry. The competition for qualified construction personnel in the regions that the Group operates remains intense, especially as regards personnel for blasting operations. The machinery used in blasting operations are distinctive and usually require individual inhouse training. If the Group is unable to attract and retain qualified construction staff, it could have an adverse effect on the Group's business operations, earnings and financial position.

**2.1.15 The Group is dependent on its management and other key individuals**

The Group's future performance is affected by the knowledge, experience and commitment of the Group's management and other key individuals. With regards to the Group Companies' geographical presence, personal relations between key individuals and contractors is a key factor when acquiring new contracts. However, there is no guarantee that the Issuer will be able to retain its key individuals or that the Issuer will be able to recruit new, qualified staff. The Group's dependency on its key individuals could have an adverse effect on the Group's business operations, earnings and financial position.

**2.1.16 The Group faces risks relating to the Group Companies' contracting process and documentation of agreements with suppliers and customers**

Mostly, the Group Companies' agreements with suppliers and customers are based on general conditions that are frequently used and accepted within the Group's industry. Nevertheless, the parties sometimes agree to depart from certain provisions of the general conditions.

In the customer agreements, the prices for the Group's blasting services are set to a fixed amount per cubic meter rock to be blasted. Thus, the price for the services provided by the Group is dependent on the actual volume of blasted rock in each specific project.

As regards the Norwegian blasting operations, after an operation has been completed, the customer calculates the actual volume of blasted rock and indirectly sets the overall price for the services provided. The Group Company's possibility to verify the actual volume of blasted rock is limited, and thus exposes the Group

to a risk of underpayment. The Swedish Group Companies experience similar risks regarding the Swedish operations. The risk of underpayment could have an adverse effect on the Group's business operations, earnings and financial position.

The Group Companies lack accurate and adequate documentation of the agreements entered into with customers and suppliers. This itself is a risk factor that could give rise to time-consuming and expensive disputes and other legal proceedings, which in turn could have an adverse effect on the Group's business operations, earnings and financial position.

**2.1.17 The Group is exposed to risks relating to market competition**

The Group operates on competitive markets. The current competitors offer substitutable and/or similar services and the Group might also face competition from new entrants on the blasting- and piling markets. As large construction corporations usually contract the Group's blasting operations, there is also a risk that these corporations establish or expands their use of in-house personnel for such operations in the future. Thus, the competition conditions could reduce the Group Companies chances of receiving new contracts and put additional pressure on the Group Companies' prices, which in turn could have an adverse effect on the Group's business operations, earnings and financial position.

**2.1.18 The Group is exposed to risks related to currency fluctuations**

The Issuer's reporting currency is Swedish kronor. Since the Issuer has Norwegian Subsidiaries with Norwegian kronor as reporting currency, the Group is exposed to currency fluctuations on the Group's consolidated financial statements, which may create unpredictable profits and losses. This currency risk is generally referred to as translation exposure.

In addition, some of the Norwegian Subsidiaries perform assignments and services in Sweden, which are denominated in Swedish kronor. Therefore, the Norwegian Group Companies are also exposed to so-called transactional currency fluctuations.

The Group hedges none of the abovementioned risk exposures. Thus, disadvantageous future currency fluctuations could have an adverse effect on the Group's business operations, earnings and financial position.

**2.1.19 The Group is subject to regulatory risks**

The Group's business is regulated by and must be conducted in accordance with several laws and regulation. Special attention should be brought to the work environment, which is regulated in Sweden by the Swedish Work Environment Act (Sw. *arbetsmiljölagen*) as well as various ordinances issued by the supervisory authority, the Swedish Work Environment Authority (Sw. *Arbetsmiljöverket*). In Norway, the work environment is regulated by the Norwegian Work Environ-

ment Act (Nor. *Arbeidsmiljøloven*) and the Norwegian Labor Inspection Authority (Nor. *Arbeidstilsynet*) has administrative, supervisory and information responsibilities in relation to the work environment.

The Group has limited centralised legal and compliance functions. Consequently, there is a risk that the Group's interpretation of applicable laws and regulations is incorrect and that the Group is unable to monitor future initiatives or amendments in applicable laws and comply with such changes. This could have an adverse effect on the Group's business operations, earnings and financial position.

In addition, the Group has not yet adapted its treatment of personal data to the General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**"). Among other things, GDPR gives a supervisory board right to impose administrative fines up to EUR 20 million, or four per cent of the Group's annual global turnover, if the Group is in breach of certain rules. Thus, failure to comply with GDPR poses a risk for high fines, litigation and negative publicity, which in turn could have an adverse effect on the Group's business operations, earnings and financial position.

#### **2.1.20 The Group is exposed to various tax-related risks**

The tax considerations made by the Group are based on interpretations of the current tax laws, tax treaties and other tax regulations and the requirements of the relevant tax authorities. The Norwegian Group Companies are currently subject to a tax audit. The Norwegian tax authorities have not provided any particular reason for initiating the tax audit and the outcome of the audit is still unknown. There is a risk that the current tax audit as well as other future tax audits and reviews may result in the Group having additional tax imposed or deductions denied, for example due to financing or intra group transactions.

In the event that the Group's interpretation of tax laws, treaties and other tax regulations or their applicability is incorrect, if one or more governmental authorities successfully make negative tax adjustment with regard to the Group, or if the applicable tax laws, tax treaties, regulations or governmental interpretations thereof or administrative practice in relation thereto change, including with retroactive effect, the Group's past or current tax positions may be reassessed. In the event of tax authorities succeeding with such claims, an increased tax cost could result, including tax charges and interest costs which will have an adverse effect on the Group's business operations, earnings and financial position.

Laws, treaties and other regulations on taxation have historically been subject to frequent changes and future changes could have a significant impact on the Group's tax burden, as well as an adverse effect on the Group's business operations, earnings and financial position.

## **2.2 Risks related to the Bonds and the Security**

### **2.2.1 Any negative development to the Issuer's financial position could increase the credit risk associated with the Bonds**

If the Issuer's financial position deteriorates, it is likely that the credit risk associated with the Bonds will increase, given that there would be an increased risk that the Issuer cannot fulfil its obligations under the Terms and Conditions. The Issuer's financial position is affected by numerous risk factors, some of which have been outlined above. An increased credit risk could result in the market pricing the Bonds with a higher risk premium, which adversely affects the value of the Bonds. Another aspect of the credit risk is that a deteriorated financial position results in a lower creditworthiness, which adversely affects the Issuer's ability to refinance the Bonds and other existing debt, thereby also negatively impacting the Issuer's business operations, earnings and financial position.

### **2.2.2 The value of the Bonds can be negatively affected by changes in market interest rates**

The value of the Bonds is dependent on several factors, one of the most significant over time being the level of market interest rates given that the Bonds carry a floating rate interest of 3 months STIBOR plus a margin. Investments in the Bonds involve a risk that the market value of the Bonds could be adversely affected by changes in market interest rates. The market interest rates are to a high degree affected by the international financial development and are outside the Issuer's control.

### **2.2.3 The market price for the Bonds may be volatile**

The market price for Bonds could be subject to strong fluctuations as a response to prevailing market conditions. Such conditions might be a result of prevailing interest rates or expected changes in monetary policy. Furthermore, the market price for Bonds is affected by the Issuer's actual or expected operations or financial position as well as other factors. Prevailing market conditions and the Issuer's financial position or operations might thus adversely affect the value of the Bonds.

### **2.2.4 Risk relating to the European Benchmarks regulation**

STIBOR and other indices which are deemed to be "**benchmarks**" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. The most important reform is Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"), which was published in the Official Journal of the EU on 29 June 2016 and has been in force since 1 January 2018. These reforms (including the Benchmarks Regulation) may cause such benchmarks (including STIBOR) to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have an adverse effect on any Bonds (including the

value and/or liquidity thereof and/or the return thereon) linked to such a "benchmark".

### 2.2.5 Risk relating to Transaction Security

Although the obligations under the Bonds and certain other obligations of the Group to the Bondholders and certain other creditors will be secured by (i) share pledges over the Issuer, Pålab Holding AB and Vestfold Fjellboring AS (ii) pledges over certain material and long term intra-group receivables, (iii) pledges over certain existing business mortgage certificates and (iv) pledges over certain inventory and receivables in each Norwegian Subsidiary (the "**Transaction Security**"), the proceeds of any sale of the Transaction Security following enforcement thereof may not be sufficient to satisfy all, or even any amounts owed at the time to the Bondholders.

According to the Terms and Conditions, the Issuer may issue subsequent Bonds and the holders of such Bonds will become Secured Parties entitled to share the Transaction Security and Guarantees that have been granted to the existing Bondholders. In addition, the Issuer may in accordance with the Terms and Conditions assume new debt and provide certain security and Guarantees for such debt, provided that such Security and/or Guarantees are granted on a pro rata basis. There is a risk that the issue of subsequent Bonds or the granting of Security or Guarantees for new debt will have an adverse effect on the value of the Security and Guarantees that have been granted to the Bondholders.

The relationship and ranking between the Bondholders, Swedbank AB (publ) and the Security Agent will be governed by an intercreditor agreement entered into by, inter alios, the Issuer, the Security Agent, the Guarantors, the Shareholders and Swedbank AB (publ) (the "**Intercreditor Agreement**"). For the avoidance of doubt, Swedbank AB (publ) will only enter into the Intercreditor Agreement in its capacity as creditor in relation to the Super Senior Facilities. Any enforcement of Transaction Security will be made by the Security Agent in accordance with the terms of the Intercreditor Agreement and the proceeds of enforcement from Transaction Security or otherwise will be applied in accordance with the Intercreditor Agreement.

Moreover, amounts received by the Security Agent upon, e.g. an enforcement event, are arranged such that the creditors under the Super Senior Facilities and the Hedging Obligations (if any) will receive proceeds distributable under the Intercreditor Agreement before the Bondholders, subject to a specified waterfall whereby they will be entitled to receive interest and principal prior to the Bondholders' rights to receive interest and principal.

The Bondholders and the other Secured Parties will be represented by the Security Agent as security agent in all matters relating to the Transaction Security. There is a risk that the Security Agent (or the Security provider), or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, main-

taining, enforcing or taking other necessary actions in relation to the Transaction Security. Such failure may result in the invalidity of the relevant Transaction Security or adversely affect the priority of such Security interest. Furthermore, the Transaction Security is subject to certain hardening periods during which time the Bondholders do not fully, or at all, benefit from the Transaction Security. More specifically, any Transaction Security that is granted or perfected after the First Issue Date (including in respect of any Structural Intra-Group Loans and the perfection of Security over other pledged loans), is subject to clawback risks in the bankruptcy of the relevant pledgor.

Subject to the Terms and Conditions and the Intercreditor Agreement, the Security Agent is entitled to enter into agreements with members of the Group or third parties or to take any other action necessary for the purpose of maintaining, releasing or enforcing the Transaction Security or for the purpose of settling, among other things, the Bondholders' rights to Security, given that the Security Agent deems the action not to be detrimental to the interests of the Bondholders. There is a risk that action will be taken that may be considered to be detrimental in the view of some or all of the Bondholders.

#### **2.2.6 Risk relating to enforcement of Transaction Security**

There is a risk that the Transaction Security is unenforceable and that the enforcement of the Transaction Security is delayed if and to the extent the granting of the Transaction Security would contravene mandatory legislation. The Transaction Security risks to not be perfected if, inter alia, the Security Agent or the relevant security providers do not take the actions necessary to perfect or maintain the perfection of the Transaction Security as required by applicable law. Such failure can in turn result in the invalidity of the relevant Transaction Security or adversely affect the priority of such security interest in relation to third parties, including a receiver in bankruptcy (Sw. *konkursförvaltare*) and other creditors who claim a security interest in the same Transaction Security.

The Bondholders will not receive proceeds from the enforcement of the Transaction Security until the obligations of other Secured Parties secured on a more senior basis have been repaid in full, such as the Super Senior Facilities, the Hedging Obligations and the Group's obligations towards the Security Agent. As a result, the Bondholders may not recover any or full value in the case of an enforcement sale of the Transaction Security. If the Issuer becomes wound-up, reorganized or bankrupt, an investor in the Bonds may lose all or part of its investment.

Furthermore, if any Group Company whose shares are pledged in favour of the Secured Parties is subject to foreclosure, dissolution, winding-up, liquidation, recapitalization, administrative proceedings or other bankruptcy or insolvency proceedings the shares that are pledged may be of limited value since all of its obligations first must be satisfied, potentially leaving few or no remaining assets

in the Group Company. As a result, the Secured Parties may not be able to recover the full value (or any value in the case of an enforcement sale) of such pledged shares. Moreover, the value of the Transaction Security may decline over time. If the proceeds of an enforcement sale are not sufficient to repay all amounts due on or in respect of the Bonds, the Bondholders will only have an unsecured claim against the remaining assets (if any) in the Issuer for the amounts which remain outstanding on or in respect of the Bonds. In relation to unsecured claims, under bankruptcy law, certain debts and claims must be paid in priority to other debts and claims (for example, costs and expenses of a liquidator and certain payments to employees). Any enforcement proceedings and the release of Security will be subject to the provisions of the Intercreditor Agreement.

The value of any intragroup loans that are subject to Security in favour of the Secured Parties is largely dependent on the relevant debtor's ability to repay such intragroup loan. Should the relevant debtor be unable to repay debt obligations upon enforcement of pledge over the intragroup loans, the Secured Parties may not recover the full value of the Security granted under such intragroup loans.

If the Security Agent wishes to enforce any Transaction Security, it must first consult with all Secured Parties (in the event there is no agreement on the proposed enforcement action) for a certain period set out in the Intercreditor Agreement after which the Security Agent may take such action. There is a risk that other Secured Parties delay enforcement which the Bondholders believe is necessary. Furthermore, the Security Agent may act in a manner that a Bondholder believes is to its detriment. In some situations (e.g. where another Secured Party has requested enforcement action to be taken but the Bondholders have not provided any enforcement instruction to the Security Agent within a certain period set out in the Intercreditor Agreement after the end of the consultation period, or where an enforcement action requested by the Bondholders has not resulted in any enforcement proceeds being made available to the Security Agent), the other Secured Parties may give enforcement instructions to the Security Agent.

#### **2.2.7 Specific aspects of Swedish business mortgages**

A Swedish business mortgage will essentially cover inventory, machinery, receivables, intellectual property rights and other claims owed by a Swedish company. It does not cover real property, cash and bank deposits, shares and other financial instruments intended for public trading, property that can be subject to a mortgage or property that cannot be seized or that cannot form part of a bankruptcy estate. A business mortgage provides Security over the assets covered by the business mortgage up to a maximum amount equal to the lower of (i) the secured claim and (ii) 115 % of the face amount of the business mortgage certificate plus interest on such amount from the date of bankruptcy application at a rate corresponding to the official reference rate plus 4 %. While the obligations under the Bonds are secured by certain business mortgage certificates issued in certain

subsidiaries of the Issuer, the proceeds of any enforcement sale of the pledged business mortgages may thus be insufficient to satisfy amounts due on or in respect of the Bonds.

Until a seizure or bankruptcy occurs, each pledgor of business mortgage certificates subject to Transaction Security will be free to deal with the assets covered by the business mortgage, potentially leaving little or no assets covered by the business mortgage at any given point in time. As a result, the Bondholders may not recover any or full value in the case of an enforcement sale of the business mortgages. Moreover, the Security granted over the business mortgage certificates can only be enforced with the assistance of the Swedish Enforcement Authority or, in the case of bankruptcy, by the bankruptcy administrator. As a result, an enforcement process may take a substantial amount of time, which may entail that the value of any assets subject to the Security may decline over this period.

### **2.2.8 Risk relating to the Intercreditor Agreement**

The Issuer may, subject to the Terms and Conditions and the Intercreditor Agreement, enter into additional financing arrangements or accrue additional financial indebtedness under any existing financing arrangements. New financial indebtedness of the Issuer may, subject to the Terms and Conditions and the Intercreditor Agreement, rank senior to the Bonds, entailing that the Bondholders will, in the event of bankruptcy, re-organisation or winding-up of the Issuer, be subordinated in the right of payment in relation to such additional financing, and there is a risk that the Bondholders will not receive any amounts following repayment of such financing.

The Issuer has in connection with the issue of Bonds entered into a Super Senior Facility in the form of a SEK 80,000,000 super senior overdraft facility agreement with Swedbank AB (publ) which will, subject to the Terms and Conditions and the Intercreditor Agreement, rank senior to the Bonds. Furthermore, the Issuer shall, subject to the terms of the Intercreditor Agreement and the other Secured Finance Documents (as defined in the Intercreditor Agreement), from time to time be entitled to replace the Super Senior Facilities in full with one or several new overdraft or revolving facilities, or incur certain new debt, which, subject to the terms of the Terms and Conditions and the Intercreditor Agreement, will rank senior to the bonds. Consequently, the Super Senior Facilities and any debt replacing the Super Senior Facilities or incurred as new debt in accordance with the aforementioned, will be repaid in full prior to the Bonds and there is a risk that the Bondholders will not receive any amounts following repayment of the Super Senior Facilities.

In addition, the Bonds and the Super Senior Facilities do not have the same tenure and the Issuer may amortise and make prepayments under the Super Senior Facilities without having to make corresponding amortisations or prepayments

under the Bonds. The shorter tenor of the Super Senior Facilities could have a negative impact on the interests of the Bondholders.

Moreover, the Intercreditor Agreement will include customary provisions regarding payment block and a breach of certain covenants under the Super Senior Facilities may result in a payment block event being called upon by the Super Senior Creditors, which in turn will hinder the Issuer from making payment of principal or interest in respect of the Bonds for as long as the payment block event is continuing. Consequently, the occurrence of any such event would have an adverse effect on the Bondholders' recovery under the Bonds. For the avoidance of doubt, the failure of the Issuer to make any timely payments due under the Bonds shall constitute an event of default under the Terms and Conditions and the unpaid amount shall carry default interest in accordance with the relevant Finance Documents.

In addition, the Intercreditor Agreement contains customary provisions regarding, inter alia, the role of the Security Agent, enforcement, turnover of funds and application of enforcement proceeds. However, although the Intercreditor Agreement includes provisions for turnover of funds in the event of any Shareholder or Group Company party to the Intercreditor Agreement receiving payment from another party to the Intercreditor Agreement in conflict with the terms of the Intercreditor Agreement after an action has been initiated to enforce Transaction Security or any Guarantee, it is not certain that such provisions are enforceable or that a bankruptcy administrator of such Shareholder or Group Company would respect the Intercreditor Agreement which potentially could adversely affect the other Secured Parties, including the Bondholders.

#### **2.2.9 Bankruptcy, structural subordination and similar events and risk of priority**

The Terms and Conditions include a so called “**negative pledge**”-undertaking, meaning that there is a general restriction on the Issuer and any Group Company's ability to provide, prolong or renew any Security over the Issuer, any Group Company or any of its assets. However, the Issuer may under certain circumstances grant Security to other lenders, including for the benefit of future holders of the Bonds or for the benefit of other lenders to the Issuer or the Group. Such Security would not necessarily secure the Bonds.

Pursuant to the Intercreditor Agreement, the Bondholders' claims under the Bonds are subordinated to the claims of the lender under the Super Senior Facilities, the Security Agent and any Hedge Counterparty under the Hedging Obligations (if any). Furthermore, the Bondholders are only entitled to receive payments under the Bonds and the Guarantees provided that none of certain events of defaults has occurred under the Super Senior Facilities.

Subject to the terms of the Intercreditor Agreement, the Bonds constitute direct, unconditional, subordinated and secured obligations of the Issuer and shall at all times rank pari passu and without any preference among them and pari passu

with all direct, unconditional, subordinated and secured obligations of the Issuer, except those obligations which are mandatorily preferred by law.

This means that a Bondholder will normally receive payment after any prioritized creditors' receipt of payment in full in the event of the Issuer's liquidation, company reorganization or bankruptcy. Every investor should be aware that by investing in the Bonds, it risks losing the entire, or parts of, its investment in the event of the Issuer's liquidation, bankruptcy or company reorganization.

The Bondholders (and the other Secured Parties) benefit from guarantees provided by certain subsidiaries of the Issuer. In the event of insolvency, liquidation or a similar event relating to one of the Guarantors, all other creditors of such Group Company would be entitled to be paid out of the assets of such Subsidiary with the same priority as the Secured Parties, to the extent that the Guarantees are valid.

Upon the occurrence of an insolvency event in respect of a Subsidiary which is not a Guarantor, an entity within the Group (i.e. the shareholder of the relevant Subsidiary and, directly or indirectly, the Issuer), or the Secured Parties with Transaction Security consisting of the shares in such Subsidiary, would not be entitled to any payments until the other creditors have received payment in full for their claims. The Bonds are, in the latter case, structurally subordinated to the liabilities of such subsidiaries to the extent there is no provision for a prioritised position.

Further, the Group operates in other jurisdictions than Sweden 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 Sweden could apply. The outcome of insolvency proceedings in foreign jurisdictions is difficult to predict and could therefore have an adverse effect of the potential recovery in such proceedings.

#### **2.2.10 Security over assets granted to third parties**

Subject to certain limitations from time to time, the Group may incur additional Financial Indebtedness and enter into hedging arrangements, and provide additional Security for such purposes. If Security is granted in favour of a third party debt provider who has not acceded the Intercreditor Agreement, the Bondholders will, in the event of bankruptcy, re-organization or winding-up of the Issuer or a guarantor, be subordinated in right of payment out of the assets being subject to Security provided to such third party. In addition, if any such third party debt provider holding Security provided by the Group were to enforce such Security due to a default by any Group Company under the relevant finance documents, such enforcement could trigger cross default provisions and could have an adverse effect on the Group's assets, operations and, ultimately, the financial position of the Bondholders.

### **2.2.11 Corporate benefit limitations in providing Security and guarantees in favour of third parties**

When a Swedish limited liability company guarantees, or provides Security for, another party's obligations or subordinates any of its rights to the benefit of a third party without deriving sufficient corporate benefit therefrom, the guarantee, Security or subordination will only be granted if the consent of all shareholders of the grantor has been obtained and to the extent the amount the company granting the Security, providing the guarantee or undertaking to subordinate any rights could have distributed a dividend to its shareholders at the time the guarantee, Security or subordination was provided. To the extent that a company does not obtain corporate benefit from the provided guarantee or Security or subordination undertaking, such guarantee, Security or subordination will be limited in value as stated above. Consequently, the Security or guarantee granted or subordination undertaken by a Subsidiary of the Issuer could be limited in accordance with the aforesaid, which could have an adverse effect on the Bondholders' Security position.

When a Norwegian limited liability company guarantees, provides Security or credit for or subordinates any of its rights to the benefit of a foreign (in this context meaning non-Norwegian) parent entity which has direct or indirect decisive influence (normally by directly or indirectly owning a number of shares representing the majority of the votes in the general meeting) over the company, or for/of any Subsidiary of such foreign parent entity, a Norwegian limited liability company may only do so to the extent the Security, guarantee, credit or subordination undertaking will serve the overall economic interests of the group in which the Norwegian company is a part which will not include financing which is intended to fund distributions of dividends or otherwise benefit the ultimate shareholders of the group. As a result, the Security, guarantee or credit granted or subordination undertaking by a Norwegian company under the decisive influence of the Issuer could be limited in accordance with the aforesaid, which could have an adverse effect on the Bondholders' Security position.

### **2.2.12 Bonds as financial instruments are generally associated with numerous investment risks and may not be a suitable investment for all investors**

Bonds might not be a suitable investment for all investors based on the risk factors associated with Bonds described herein. Every investor should therefore have sufficient knowledge of Bonds in order to make a meaningful assessment of the merits and risks involved in investing in the Bonds, especially in respect to possible future scenarios involving the Issuer or with reference to possible future market conditions. A potential investor should furthermore have sufficient financial resources to bear the risks of an investment in the Bonds and thoroughly understand the Terms and Conditions. If an investor fails to meet any of the conditions enumerated above, or it is otherwise not possible to determine whether

the Bonds are a suitable investment for the investor, there is a risk that the investor will not be able to bear losses in respect of the Bonds, that the investor will not have the necessary knowledge and experience to invest in the Bonds, and/or the Bonds will not be compatible with the investment objectives of the investors.

**2.2.13 Bondholders' meetings may resolve on matters concerning all Bondholders, including those having not participated or having voted differently**

The Terms and Conditions include certain provisions regarding a Bondholders' meeting (a "**Bondholder**" being a person who is registered on a securities account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Bond), which may be held in order to resolve on matters relating to the Bondholders' interests. Such provisions allow for designated majorities to bind all Bondholders, including Bondholders who have not participated in or voted at the actual meeting or who have voted differently than the majority, to decisions that have been taken at a duly convened and conducted Bondholders' meeting. Consequently, there is a risk that a Bondholder is bound by resolutions which negatively affect the value of the Bonds even if the certain Bondholder did not vote in favour of such resolutions or did not participate in the meeting of Bondholders.

**2.2.14 Bondholders' representation is associated with certain risks**

Pursuant to the Terms and Conditions, the Agent represents all Bondholders in all matters relating to the Bonds. Thus, a Bondholder is not entitled to bring any actions against the Issuer relating to the Bonds, unless such actions are supported by the required majority pursuant to the Terms and Conditions. However, this does not rule out the possibility that the Bondholders, in certain situations, could bring their own action against the Issuer, which may affect an acceleration of the Bonds or other actions against the Issuer negatively. To enable the Agent to represent the Bondholders in court, the Bondholders may have to submit a written power of attorney for legal proceedings. The failure of all Bondholders to submit such a power of attorney could negatively impact the enforcement of the Bonds. Under the Terms and Conditions the Agent has the right in some cases to make decisions and take measures that bind all Bondholders. Consequently, the actions of the Agent in such matters could impact a Bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some Bondholders.

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 due to, for example, inability to receive any or all amounts payable from the Transaction Security in a timely and efficient manner.

### **2.2.15 The Bonds may not be admitted to trading, or if admitted, an active trading may not develop**

The Issuer cannot assure that a liquid trading of the Bonds will occur and be maintained. The Issuer will apply for listing of the Bonds at Nasdaq First North (or the Regulated Market of Nasdaq Stockholm or another Regulated Market) and intends, pursuant to the Terms and Conditions, to procure that the Bonds are admitted to trading within thirty (30) calendar days from the First Issue Date. However, there is a risk that the Bonds will not be approved for trading. Furthermore, pursuant to the Terms and Conditions, the Issuer shall ensure that the Bonds are admitted to trading on the Regulated Market of Nasdaq Stockholm, or if such admission of trading is not possible to obtain, admitted to trading on another Regulated Market, within 12 months from the First Issue Date. There is a risk that the Bonds are not approved for admission of trading within the stated time periods. If the Issuer fails to procure listing in accordance with the aforementioned in time, investors holding Bonds on an investment savings account (Sw. *ISK* or *IS-konto*) will no longer be able to hold the Bonds on such account, thus affecting such investor's tax situation. Further, if the Bonds are not admitted to trading on a Regulated Market within 12 months from the First Issue Date, certain investors may due to investment restrictions be forced to sell such Bonds, which may affect the price of the Bonds negatively. Even if the Bonds are admitted to trading on a Regulated Market, there is a risk that demand for and trading in the Bonds will not develop or, if developed, is not sustained. This may result in a Bondholder being unable to re-sell its Bond(s) and liquidate its investment. This means that a Bondholder may be exposed to the risks related to the Group until the Bonds reach the maturity date.

In addition, following a listing of the Bonds, the liquidity and trading price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations of the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, the level of market interest rates (in particular STIBOR), as well as other factors. Moreover, the global financial markets have experienced significant price and volume fluctuations in recent years, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Issuer's operating results, financial condition or prospects.

This may entail that a Bondholder cannot sell its Bonds at the desired time or at a yield which is comparable to similar investments that have an existing and functioning secondary market. A 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 First North. An investment in the Bonds should only be made by a Bondholder that is capable of bearing the risks

associated with a lack of liquidity of the Bonds and that is prepared to hold the Bond until its maturity.

**2.2.16 The Bonds are and will be affiliated with Euroclear Sweden for settlement and clearing**

The Bonds are affiliated to and will continue to be affiliated to Euroclear Sweden AB's ("**Euroclear**") account-based system. No physical Bonds have been or will be issued. Clearing and settlement relating to the Bonds, as well as payment of interest and redemption of principal amounts of the Bonds, will be performed by Euroclear and Bondholders are therefore dependent on the functionality of Euroclear's account-based system. If, due to any obstacle for Euroclear, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Consequently, there is a risk that Bondholders receive payment under the Bonds later than expected.

**2.2.17 The Issuer's call option**

Pursuant to the Terms and Conditions, the Issuer has a right to redeem the Bonds prior to the final redemption date. If the Bonds are redeemed before the final redemption date, the Bondholders have a right, in most cases, to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions. The right for the Issuer to redeem the Bonds prior to the maturity date could affect the market value of the Bonds. During a period when the Issuer is entitled to voluntarily redeem the Bonds, the market value of the Bonds will most likely not be significantly higher than the redemption price set out in the Terms and Conditions.

The Issuer could exercise its right to early redemption of the Bonds when the market value of the Bonds is higher than the relevant redemption price, which could affect the investor's possibilities to re-invest the repaid amount on the same terms as the terms of the redeemed Bonds. The investor should thus contemplate the risks involved in a voluntary early redemption or for that matter, the absence of an expected voluntary redemption, in light of alternative investment options available.

**2.2.18 Bondholder's put options**

According to the Terms and Conditions, the Bondholders have the right to request prepayment of their Bonds if the Bonds have not become listed on Nasdaq First North or a Regulated Market within sixty (60) calendar days from the date the Bonds were issued (Listing Failure Event) or upon the occurrence of an event or series of events (i) whereby any person, acquires control over the Issuer and where "control" means (a) acquiring or controlling, directly or indirectly, more than fifty (50) per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the members of the board of directors of the Issuer, or (ii) following an event whereby the shares allotted in the Issuer becomes quoted, listed, traded or otherwise admitted to

trading on a Regulated Market, all or part of the shares in the Issuer cease to be listed on such Regulated Market or the occurrence of an event or series of events whereby one, not being Pegroco Invest AB (publ), or more persons acting together, acquire control over the Issuer and where “control” means (a) acquiring or controlling, directly or indirectly, more than thirty (30) per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the members of the board of directors of the Issuer (Change of Control Event). If a Bondholder wishes to exercise its put option following the occurrence of such an event as described above, there is a risk that the Issuer will be exposed to an increased liquidity risk, i.e. the risk that the Issuer cannot fulfil its financial obligations due to a shortage of available cash or cash equivalent assets and that such financial obligations can only be fulfilled at a high financing cost or, in a worst case scenario, not at all. Such a lack of funds could adversely affect the Issuer by, for example, causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all Bondholders and not only those who choose to exercise the put option.

**2.2.19 There is a risk for conflicts of interests for the issuing agent and bookrunner**

The issuing agent and bookrunner has engaged in, and will in the future engage in, investment banking and/or commercial banking or other services for the Issuer in the ordinary course of business. In particular, it should be noted that the issuing agent is the lender under the Super Senior Facilities and that it may be a lender under other credit facilities with a member of the Group as borrower. Therefore, conflicts of interest may exist or may arise as a result of the issuing agent and bookrunner having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

**2.2.20 Changes in applicable legislation may affect the Issuer’s ability to make payments under the Bonds**

This material, the Terms and Conditions and the Finance Documents are subject to Swedish laws applicable at their respective date of issuance. There is a risk that any future change in legislation or administrative practice could adversely affect the ability of the Issuer to make payments under the Bonds. Such changes could further mean that the secondary market for Bonds becomes limited or will be treated differently with regard to taxation, which in turn might adversely affect the value of the Bonds.

**2.2.21 The Issuer is dependent on upstream funding to fulfil its obligations under the Bonds**

The Issuer holds no significant assets other than the shares in its direct and indirect subsidiaries and associated companies, and as such the Issuer is reliant on the ability of other entities within the Group and associated companies to advance loans or make dividend distributions to the Issuer so as to enable it to make payments under the Bonds. The subsidiaries and associated companies are

legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. The ability of the Issuer's subsidiaries and associated companies to make payments to the Issuer is subject to, among other things, the availability of funds (which in turn will depend on the future performance of the Subsidiary or associated company concerned and therefore to a certain extent on general economic, financial, competitive, legislative, regulatory and other factors that may be beyond its control), corporate law (e.g. limitations on value transfers), local law and the terms of each Subsidiary's or associated company's financing arrangements. If such subsidiaries or associated companies are incapable of distributing sufficient dividends to the Issuer, this could adversely affect the Issuer's ability to fulfil its obligations under the Terms and Conditions.

### 3. Financial information

#### 3.1 Financial reports

The audited annual accounts for the year 2017 and 2018 regarding the Issuer is incorporated hereto by reference. The Issuer has produced no semi-annual accounts.

#### 3.2 Financial development and material changes

Reviewing the past two years there has been a greater financial increase than expected and this increase is predicted to continue organically within the Group.

During the first half of 2019 the Issuer made two acquisitions as mentioned in 1. *Summary of Nordisk Bergteknik's history and development*, consisting of Pålåb Holding AB with its subsidiaries and Hyrcon Bergsprängning AB, conducted to expand and strengthen the Group's market position and capacity. Other than these two procurements, there has been no material adverse change in the Company Description of the Issuer since 31 December 2018 being the date of the last published audited financial statements of the Issuer.

#### **Profit and loss statement (thousands SEK)**

	<b>Q1-2019</b>	<b>2018</b>	<b>2017</b>
Turnover	174 334	510 044	236 823
EBITDA	21 266	58 461	26 330
EBITDA margin	12,2%	11,5%	11,1%
EBIT	6 792	22 802	6 076
EBIT margin	3,9%	4,5%	2,6%

### Balance Sheet (thousands SEK)

	Q1-2019	2018	2017
Fixed assets	425 579	238 206	194 276
Current assets	227 539	162 497	90 205
Cash	- 643	9 165	12 950
<b>Total assets</b>	<b>679 475</b>	<b>409 868</b>	<b>297 431</b>
Shareholders' Equity	162 737	91 112	83 956
Long term liabilities	352 622	214 040	134 460
Short term liabilities	164 115	104 715	79 015
<b>Total debt and equity</b>	<b>679 475</b>	<b>409 868</b>	<b>297 431</b>

Sales has boosted in the previous couple of years as a result of Nordisk Bergteknik's increased capability, through its large machine park and in-house competence, to take on larger projects. Recent acquisitions, such as Pålåb Holding AB, have given Nordisk Bergteknik a broader pallet of offerings which also has had a positive effect on EBITDA in the last quarter.

The first quarter of 2019 experienced an increase in sales compared with Q1-2018, and is mainly attributable to the acquisition of Pålåb Holding AB and the previous acquisition of the Norwegian companies Songdalen Fjellsprengning AS and Fjellsprenger AS, but also to a strong organic growth.

The positive development of the Group over the past two years is due both to good demand for the companies' services and to the fact that the company has taken market shares, which together have given a high utilization of the machinery fleet.

### 3.3 Relevant accounting laws

See section regarding "Documents Incorporated by Reference".

### 4. Legal and various questions

#### 4.1 The board of directors of the Issuer

Pursuant to the articles of association of Nordisk Bergteknik, the board of directors shall consist of no less than three and no more than ten board members with no more than five deputy board members. The board of directors currently consists of six ordinary board members, including the chairman of the board of directors, with no deputy board members, all of whom were appointed by the

annual general meeting held on 27 June 2019 for the period until the end of the annual general meeting to be held in 2020.

<b>Name</b>	<b>Position</b>	<b>Member since</b>
Mats O. Paulsson	Chairman	2017
Volgan Karlsson	Board member	2016
Eivind Røed	Board member	2017
Peter Sandberg	Board member	2016
Björn Petersson	Board member	2019
Victor Örn	Board member	2016

#### **4.2 Management of the Issuer**

The management of the Issuer and of the Group consists of Andreas Christoffersson, Johan Lundqvist, Oddbjørn Røed and Björn Peterson. Andreas Christoffersson and Johan Lundqvist have been with the Issuer since the company was first registered in 2016. Andreas Christoffersson has worked within the Issuer's subsidiary, Norrbottens Bergteknik AB, since 2010. Johan Lundqvist is the Issuer's CFO and is contracted through a consultancy agreement.

<b>Name</b>	<b>Position</b>	<b>Employed/Engaged in the Company since</b>
Andreas Christoffersson	Chief Executive Officer, Country Manager Sweden	2016
Johan Lundqvist	Chief Financial Officer, Business Development	2017
Oddbjørn Røed	Country Manager Norway, Head of Business Segment Rock Handling	2017
Björn Peterson	Head of Business Segment Foundation Solutions	2019

#### **4.3 Previous positions of the members of the board of directors and the management**

##### Mats O. Paulsson

Since 2017, Mats O. Paulsson is the chairman of the board of the Issuer.

Mats O. Paulsson is currently the Interim CEO of Eleda Acquisition AB. Previously, Mats O. Paulsson has been the CEO of BTH Bygg AB, GDL Transport AB, Bravida AB, Strabag Scandinavia AB, Peab Industri AB, Swerock AB, AB Sydsten. He has also been the Deputy CEO of Peab Industri AB and had various managerial roles within Skanska AB.

Pursuant to a resolution adopted at the Annual General Shareholders meeting held in the Majority Shareholder Pegraco Invest AB on 8 May 2019, Mats O. Paulsson is to become a shareholder in the Issuer and is intended to acquire 534 shares. As of the date of this Company Description the outlined transaction had not yet been finalized.

#### Volgan Karlsson

Volgan Karlsson is the founder of the Issuer's subsidiary Norrbottens Bergteknik AB. Volgan Karlsson's industry experience extends for more than 57 years.

Volgan Karlsson holds no shares in the Issuer.

#### Eivind Røed

Eivind Røed has more than 44 years of industry experience and has held various positions within the Vestfold group, including the position as a CEO as well as being responsible for the drilling and blasting operations.

Eivind Røed holds shares in the Issuer through his shareholding in Sandefjord Invest AS.

#### Peter Sandberg

Peter Sandberg is a founding partner and a board member of the Issuer's majority shareholder, Pegraco Invest AB. Peter Sandberg has previously been the CEO of the Sixth Swedish National Pension Fund, Bure Equity AB and Volvo Norway AS.

Peter Sandberg holds no shares in the Issuer.

#### Victor Örn

Victor Örn is employed by the Issuer's majority shareholder, Pegraco Invest AB, and has previously been a board member of Diakrit Int. Ltd., Scandinavian Air Ambulance AB, Bilisten AB, Skummeslövsgården AB and Priority Aero Maintenance AB.

Victor Örn holds no shares in the Issuer.

#### Björn Peterson

Björn Peterson is the founder of Pålab Holding AB, Pålabaktiebolaget Svenska and Pålab Fastighetsförvaltning AB (the "**Pålab Group**") and has acted as the CEO of the Pålab Group from 2003 and onwards. Björn Peterson has over 30

years of industry experience starting of within the project and construction industry for district heating in the late 1980's and moving into piling and foundation solutions in the early 1990's.

Björn Peterson holds shares in the Issuer through his shareholding in N P Förvaltnings AB.

#### Andreas Christoffersson

As outlined above, Andreas Christoffersson has worked within the Issuer's subsidiary, Norrbottens Bergteknik AB, since 2010. As of the date hereof, Andreas Christoffersson is the CEO of the Issuer and he has been employed by the Issuer since it was first founded in 2016. Andreas Christoffersson has accumulated a total of 22 years of industry experience and has a 13 year track record of various managerial positions within the Skanska group. Furthermore, Andreas Christoffersson has experience from working with most to all of the largest Swedish development and construction companies.

Andreas Christoffersson holds shares in the Issuer through his partly owned company Bergteknik Norr Holding AB.

#### Oddbjørn Røed

Oddbjørn Røed has 24 years of experience working within the Vestfold group. Out of those 24 years, Oddbjørn Røed acted as the CEO of Vestfold Fjellboring AS and its subsidiaries during a 14 year period. Oddbjørn Røed has over 15 years of experience working with most to all of the largest Swedish and Norwegian development and construction company groups.

Oddbjørn Røed holds shares in the Issuer through his shareholding in Sandefjord Invest AS.

#### Johan Lundqvist

As described above, Johan Lundqvist has more than 30 years of experience in various CFO roles. Johan Lundqvist was previously the interim CFO of NV Nordisk Vindkraft and he has been the CFO of HiQ Göteborg, Skogssällskapet, the CEO and CFO of Imerys Minerals in Sweden, Germany and Belgium, the CFO of Yamaha Music Scandinavia, Business controller at Scandinavian Airlines and the CFO of Pharmacia Biotech Nordic.

Johan Lundqvist holds no shares in the Issuer.

### **4.4 The board of directors of the Guarantors**

#### **Norrbottens Bergteknik AB**

The board of directors of Norrbottens Bergteknik consists of Andreas Christoffersson, Johan Lundqvist, Victor Örn, for more information see section 4.1-4.3.

#### **Pålab Holding AB**

The board of directors of Pålab Holding consists of Björn Petersson, Andreas Christoffersson, Johan Lundqvist, for more information see section 4.1-4.3, as well as Christian Nilverius.

Christian Nilverius is one of the founders for the Pålab-group and chairman of the board of directors for the Issuer's shareholder N P Förvaltnings AB.

#### **Pålaktiebolaget Svenska**

The board of directors of Pålaktiebolaget Svenska consists of Björn Petersson, Andreas Christoffersson, Johan Lundqvist, for more information see section 4.1-4.3, as well as Christian Nilverius.

#### **Vestfold Fjellboring AS**

The board of directors of Vestfold Fjellboring AS consists of Andreas Christoffersson, Johan Lundqvist, for more information see section 4.1-4.3, as well as Marius Haugen and Kenneth Thorstensen.

Marius Haugen has worked in the Norwegian companies for more than 15 years and is currently the CEO (*Nw. Daglig ledare*) of Vestfold Fjellboring AS and Norsk Fjellsprengring AS.

#### **Fjellsprenger AS**

The board of directors of Fjellsprenger AS consists of Andreas Christoffersson, Johan Lundqvist, for more information see section 4.1-4.3, as well as Marius Haugen, Kenneth Thorstensen and Ronald Ødegård.

Ronald Ødegård is currently the CEO (*Nw. Daglig ledare*) of Fjellsprenger AS.

#### **Norsk Fjellsprengring AS**

The board of directors of Norsk Fjellsprengring AS consists of Andreas Christoffersson, Johan Lundqvist, for more information see section 4.1-4.3, as well as Marius Haugen and Kenneth Thorstensen.

#### **Songdalen Fjellsprengring AS**

The board of directors of Songdalen Fjellsprengring AS consists of Andreas Christoffersson, Johan Lundqvist, for more information see section 4.1-4.3, as well as Marius Haugen, Kenneth Thorstensen and Trond Werner Ødegård Johnsen.

Trond Werner Ødegård Johnsen is currently the CEO (*Nw. Daglig ledare*) of Songdalen Fjellsprengring AS.

### **4.5 Information on bankruptcy, liquidation, fraud and similar**

None of the members of the Board of Directors or is a closely related party to any other board member or senior executive. None of the board members or senior executives has been found guilty in any fraud-related case in the past five years. Except as expressly stated below in this section, none of the board members or

senior executives has been involved in any bankruptcy, liquidation or receivership while serving as a board member or senior executives in the past five years, except for any liquidation made in the ordinary course of business (Sw. frivillig likvidation). None of the board members or senior executives have, over the past five years, been the object of official allegations or sanctions by a supervisory or legislative authority, nor have any of them been prohibited by a court of law from serving as a board member or in management, or in any other way been prohibited from conducting commercial activity. None of the board members has any agreement with the Company giving the board member the right to compensation upon termination of his assignment. Andreas Christoffersson, Björn Peterson and Oddbjørn Røed, Eivind Røed and Mats O. Paulsson, post the above-mentioned transaction, are dependent in relation to the Issuer and its management. All other board members are independent in relation to the Issuer and its management. All board members are independent in relation to the Issuer's majority shareholder, Pegroco Invest AB, except for Victor Örn and Peter Sandberg.<sup>1</sup>

Peter Sandberg previously occupied the position as board member on the board of directors of Aero Holding Göteborg Aktiebolag and Victor Örn held a position as deputy board member in the company. Aero Holding Göteborg Aktiebolag was liquidated on 5 March 2017 following an injunction declared by the Swedish Companies Registration Office (*sw. Bolagsverket*). The basis for the injunction was that Aero Holding Göteborg Aktiebolag did not meet the requirements for a fully competent board of directors, as resolved by the most recent shareholders' meeting.

Peter Sandberg previously occupied the position as board member on the board of directors of Priority Aero Maintenance (Sweden) AB and Victor Örn held a position as deputy board member in the company. Priority Aero Maintenance (Sweden) AB was declared bankrupt on 15 March 2013. Both Peter Sandberg and Victor Örn had resigned from their positions on the board of directors prior to this date.

#### 4.6 Ownership structure and shareholding in the Issuer

The Issuer has four wholly owned subsidiaries, please see structure chart under section 1 *Business model and organisation*.

The table below lists the shareholders of the Issuer as of 16 April 2019. As of 16 April 2019, Pegroco Invest AB (publ) was the largest shareholder.

Percentage of votes and Shareholder	Number of shares	Share capital <sup>2</sup>
Pegroco Invest AB (publ)	542,684	86.0 %

<sup>1</sup>**Setterwalls:** The process of collecting and verifying this information is ongoing.

<sup>2</sup> Percentage refers only to direct ownership of shares in the Issuer

Bergteknik Norr Holding AB	56,380	9.0 %
Sandefjordsgruppen Invest AS	11,468	1.9 %
N P Förvaltnings AB	19,700	3.1 %
Total	630,232	100 %

#### **4.7 Annual meeting and publication of financial reports**

The Issuer's financial year is the 1st of January – 31st of December. The first annual meeting following the application for trading of the Bonds will therefore take place within 6 months from the 1st of January 2020.

#### **4.8 Material contracts**

The Issuer or any other Group company is not party to any material contract outside the ordinary course of business, which could result in such company having a right or an obligation that could materially affect the Issuer's ability to meet its obligations towards the Bondholders.

#### **4.9 Other relevant information**

The Issuer is not involved in any material disputes and is not, to the knowledge of the Issuer, subject to any particular decisions from the Swedish Tax Authority regarding tax which may have a negative impact on the Issuer's or the Group's financial position or profitability.

#### **4.10 Identity of any liquidity provider**

The Issuer does not have a liquidity provider.

### **5. The Liability Statement from the Board of Directors**

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

Gothenburg, July 2019

Nordisk Bergteknik AB (publ)

The Board of Directors

## **6. The Bonds**

### **6.1 Description of the Bonds and the Terms and Conditions**

The Bonds are denominated in Swedish kronor (SEK). Initial nominal amount of each Bond is SEK 1,250,000 (the “**Nominal Amount**”). The total nominal amount of the Bonds is the total aggregate Nominal Amount of the Bonds outstanding at the relevant time, on the Issue Date being SEK 300,000,000. All initial Bonds were issued on a fully paid basis at an issue price of 100 per cent. The Bonds have allocated the ISIN SE0012729234.

The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject (due to, e.g., its nationality, its residency, its registered address or its place(s) of business). Each Bondholder must ensure compliance with local laws and regulations applicable at its own cost and expense.

### **6.2 Ranking of the Bonds**

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank (i) behind the Super Senior Facilities Debt and the Hedging Debt pursuant to the terms of the Intercreditor Agreement, (ii) pari passu and without any preference among them, and (iii) at least pari passu with all other direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except obligations which are preferred by mandatory law and except as otherwise provided in the Finance Documents.

### **6.3 Description of rights attached to the Bonds**

#### **6.3.1 Redemption at maturity**

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on 26 June 2023 (the “**Final Maturity Date**”) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

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

Subject to the Terms and Conditions, the Issuer may redeem all, but not some only, of the outstanding Bonds in full:

- (a) at any time from and including the First Call Date to, but excluding, the first Business Day falling thirty (30) months after the First Issue Date at an amount per Bond equal to 103.3 per cent. of the Nominal Amount, together with accrued but unpaid interest;
- (b) any time from and including the first Business Day falling thirty (30) months after the First Issue Date to, but excluding, the first Business Day falling thirty-six (36) months after the First Issue Date at an amount per Bond equal to 102.4 per cent. of the Nominal Amount, together with accrued but unpaid interest;

- (c) any time from and including the first Business Day falling thirty-six (36) months after the First Issue Date to, but excluding, the Final Maturity Date at an amount per Bond equal to 101.5 per cent. of the Nominal Amount, together with accrued but unpaid interest; and
- (d) notwithstanding paragraph (c) above, provided that the redemption is financed in full by way of one or several Market Loan issues, at any time from and including the first Business Day falling three (3) months before the Final Maturity Date to, but excluding, the Final Maturity Date, at an amount equal to 100.6 per cent. of the Nominal Amount, together with accrued but unpaid Interest.

For the avoidance of doubt, the Issuer may not redeem any outstanding Bonds prior to the First Call Date.

### **6.3.3 Voluntary partial redemption due to Equity Listing Event (call option)**

The Issuer may on one or more occasion in connection with and Equity Listing Event, redeem in part up to thirty-five (35) per cent. of the total aggregate Nominal Amount of the Bonds out-standing from time to time at an amount equal to the call option amount set out in Voluntary total redemption amount (call option) above for the relevant period (or, if before the First Call Date, the call option amount applying immediately following the First Call Date), together with any accrued but unpaid interest on the redeemed amount, provided that at least sixty-five (65) per cent. of the aggregate Initial Nominal Amount of the Initial Bonds remains outstanding.

Partial redemption shall reduce the Nominal Amount of each Bond pro rata (in each case rounded down to the nearest SEK 1.00).

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).

### **6.3.4 Early 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 100 per cent of the Nominal Amount, together with accrued but un-paid 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.

The Issuer shall give notice of a redemption pursuant to the preceding paragraph no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse).

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

Upon the occurrence of a Change of Control Event or a Listing Failure Event, each Bondholder shall during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event or Listing Failure Event, as the case may be, 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. However, such a period may not start earlier than upon the occurrence of the Change of Control Event of the Listing Failure Event, as the case may be.

### **6.4 Guarantee of the Issuer's obligations under the Bonds**

As set out in the Terms and Condition attached hereto, each of the following subsidiaries, as well as the Issuer, are Guarantors in accordance with the Guarantee Agreement entered into in connection with the Issue of the Bonds:

- (a) Nordisk Bergteknik AB (publ), Swedish Reg. No. 559059-2506;
- (b) Norrbottens Bergteknik AB, Swedish Reg. No. 556428-9063;
- (c) Pålab Holding AB, Swedish Reg. No. 556710-7775;
- (d) Pålaktiebolaget Svenska, Swedish Reg. No. 556650-7496;
- (e) Vestfold Fjellboring AS, Norwegian Reg. No. 952960326;
- (f) Fjellsprenger AS, Norwegian Reg. No. 991566414;
- (g) Norsk Fjellsprengning AS, Norwegian Reg. No. 987459441; and
- (h) Songdalen Fjellsprenging AS, Norwegian Reg. No. 911733129.

The Guarantee Agreement sets out that the above mentioned companies within the Group provides guarantees to the Secured Parties and undertake to adhere to, and comply with, the undertaking set out in the Finance Documents.

Each of the companies listed in items (b)-(h) constitute a direct or indirect subsidiary of the Issuer, set out in item (a), and the companies thus conduct their respective business within the same field as the Issuer. The Guarantors set out in items (b)-(d) conducts and provides construction services and assignments, including piling and mining, and the business is mainly conducted within Sweden. The Guarantors set out in items (e)-(h) mainly conducts their respective business on the Norwegian market and the referred companies are primarily engaged in construction work comprised mainly of mining. For further information regarding the Guarantors, see section 1.2.

Furthermore, the Bonds have additional security through Share Pledge Agreements entered into by the Issuer and each of Norrbottens Bergteknik AB, Pålab Holding AB and Vestfold Fjellboring AS regarding security through each of the

mentioned subsidiaries shares. Pålaktiebolaget Svenska and Norrbottens Bergteknik AB have further secured the Bonds through a Business Mortgage Agreement with the Issuer.

**6.5 Assets backing the Bonds**

The Bonds are not asset-backed securities.

**6.6 Representation of Bondholders**

The Bondholders will be represented by the Agent, which initially will be Nordic Trustee & Agency AB (publ), with corporate registration number 556882-1879, and address P.O. Box 7329 SE-103 90 Stockholm, Sweden. The Agent shall represent the Bondholders in accordance with the Finance Documents and hold the Transaction Security pursuant to the Security Documents on behalf of the Bondholders, act with regard only to the interest of the Bondholders, other than explicitly stated in the Finance Documents and the Security Documents.

**7. Credit ratings assigned to the Issuer**

The Issuer or the Bonds have not been assigned any credit ratings.

**8. Documents incorporated by reference**

The following information has been incorporated into this Company Description by reference and should be read as part of this Company Description:

Annual Report for the fiscal year 2017

Annual Report for the fiscal year 2018

The Issuer's Annual Reports for 2017 and 2018 have been prepared in accordance with Swedish Annual Report Act (Sw. *Årsredovisningslagen* (1995:554)). With the exception of the Annual Reports, no information in this Company Description has been audited or reviewed by the Issuer's auditor.

**9. Terms and conditions applicable to the bonds**