



Func Food Group Oyj

Relating to the listing of

EUR 38,000,000 Senior Secured Floating Rate Bonds Due 2015/2019

Sole Bookrunner

 **Pareto Securities**

Prospectus Dated 10 June 2016

IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by Func Food Group Oyj (the "**Issuer**", or the "**Company**" or together with the Func Food Group and the People's Choice Group (each as defined below), unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Finland having its headquarters located at the address, Pyyrikintie 25 Y 10, 33230 Tampere, with reg. no. 2592369-6, in relation to the application for the listing of the senior secured floating rate bonds denominated in EUR (the "**Bonds**") on the corporate bond list on NASDAQ OMX Stockholm Aktieföretag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). Pareto Securities Oy has acted as sole bookrunner in connection with the issue of the Bonds (the "**Sole Bookrunner**"). This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*) (the "**Trading Act**") and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (www.fi.se) and the Issuer's website (<http://www.funcfood.com/?lang=en>).

In this Prospectus, a reference to the "**Func Food Group**" is a reference to the part of the Group that consists of the Company and Func Food Finland Oy, Finnish reg. no. 1010666-9 ("**Func Food Finland**") and a reference to the "**People's Choice Group**" is a reference to the part of the Group that consists of Func Food Sweden AB, Swedish reg. no. 559014-3797 ("**Func Food Sweden**"), Peoples Choice AB, Swedish reg. no. 556705-5784 ("**People's Choice**") and Freddy Store AB, Swedish reg. no. 556917-1944 ("**Freddy Store**"). Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 60 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**EUR**" refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, references to "**SEK**" refer to Swedish krona, and references to "**USD**" refer to American Dollars.

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

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

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on the corporate bond list on Nasdaq Stockholm. This Prospectus may not be distributed in or into any country where such distribution or disposal would require any additional prospectus, registration or additional measures or contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States to purchasers who are not, or are not purchasing for the account of, U.S. persons in reliance upon Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

The offering is not made to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Italian Republic, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S. person), or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

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

This Prospectus shall be read together with all documents that are incorporated by reference, see subsection "Documents incorporated by reference" under section "**Other information**" below, and possible supplements to this Prospectus.

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1. Risk Factors

Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Issuer. These risk factors include, but are not limited to, risks related to the business operations of the Issuer, production risks, environmental risks, technical risks, and regulatory risks. If any of these or other risks or uncertainties actually occur, the business, operating results and financial condition of the Issuer could be materially and adversely affected, which could have a material adverse effect on the Issuer's ability to meet its obligations (including repayment of the principal amount and payment of interest) under the Bonds. The risks presented in this Prospectus are not exhaustive, and other risks not presently known to the Issuer, or that the Issuer currently deems immaterial, and therefore not discussed herein, may also adversely affect the Issuer and adversely affect the price of the Bonds and the Issuer's ability to service its debt obligations. Prospective investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.

Included in this Prospectus are various "forward-looking statements", including statements regarding the intent, opinion, 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 Issuer's markets, competition and competitive position, (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 and elsewhere in this Prospectus.

The risk factors below are not ranked in any specific order.

1.1 Group Specific Risks

1.1.1 Exposure to Key Supplier and Possible Contract Breaches

Since approximately 90 per cent. of the People's Choice Group's revenue refers to the sale of the Celsius products, the People's Choice Group is highly dependent on its main supplier Celsius Holdings Inc. The distribution agreement with Celsius Holdings Inc., granting People's Choice exclusive distribution rights for the distribution channels wholesale and retail in Sweden, Finland, Denmark, Norway and Switzerland, is effective until February 2025. People's Choice has an option for renewal of the agreement for another ten years. Any potential contract breaches constitute a risk that People's Choice will not be entitled to exercise the option of prolonging the agreement for an additional ten year term, which would have a material adverse effect on the People's Choice Group's business.

Furthermore, there is a risk that Celsius Holding Inc. will be entitled to terminate the distribution agreement with immediate effect in the event of the initiations of insolvency proceedings, involvement in legal activities, changes in management or a divestment of a majority interest in People's Choice AB. In conjunction with the Func Food Group's acquisition of People's Choice, Celsius Holdings Inc. provided a waiver, agreeing that neither the (then) contemplated acquisition of the People's Choice Group, nor any changes in management of People's Choice, would result in a termination of the agreement. However, the waiver did not cover any of the

other aforementioned events or any future events which could give Celsius Holdings Inc. a right to terminate the agreement. A termination of the agreement by Celsius Holding Inc. would have a material adverse effect on the People's Choice Group's business.

1.1.2 Risks Relating to the Planned Expansion of the Celsius Distribution

The People's Choice Group plans to expand its sales of the Celsius products to Finland, Norway, Denmark, the Baltics and Switzerland within a five-year period. Expansions into new markets and countries normally entail additional costs such as costs for marketing and distribution, and risks including inter alia lack of insight in the new markets, failure to obtain brand recognition and right associations as well as an inability to ensure compliance with local laws, regulations or permits. Some of the territories involved in the planned expansion are subject to legal restrictions requiring alterations of the ingredients of the Celsius products. Furthermore, there is some uncertainty as to Celsius Holdings Inc.'s trademark protection for the Celsius product in Denmark and Switzerland, which might restrict the expansion possibilities in those areas. There is a risk that a failure to establish a position in the new markets and to comply with the relevant laws and regulations, including intellectual property rights, will affect the People's Choice Group's business, financial position and results negatively.

1.1.3 Lack of Back-to-Back Protection

Celsius Holdings Inc.'s liability under the Celsius distribution agreement is limited to direct damages which arises as a result of a breach of certain fundamental warranties and does not include any product liability. People's Choice is on the other hand obliged to indemnify Celsius Holdings Inc. for any product liability incurred in relation to the distribution of the products. Additionally, People's Choice has pursuant to several customer agreements an obligation to indemnify the relevant customer for all product liability costs incurred by the customer. People's Choice liability in this regard is not limited, neither regarding the type of damages, nor the amount of such damages. Considering the limited product liability of Celsius Holdings Inc., People's Choice will have to bear any claims relating to the products' quality solely. There is a risk that the lack of adequate back-to-back protection will have an adverse effect on the People's Choice Group's business, reputation and financial position. The parties have entered into a letter of intent according to which the parties will enter into negotiations regarding Celsius Holdings Inc.'s liability for e.g. delays in delivery. However no agreement has yet been entered into and it cannot be guaranteed that such negotiation will materialize in changed terms of the current allocation of responsibility. Furthermore, according to the customer agreements with ICA and Coop, People's Choice is obligated to pay liquidated damages amounting to up to 10 per cent. of the purchase price for any order for which People's Choice has failed to comply with a delivery service level of 98 per cent. People's Choice lacks adequate back-to-back protection in this regard with Celsius Holdings Inc. as well as under the agreement with Bring, its main supplier of transporting services.

In addition, the Func Food Group has a similar limited ability to pass on product liability claims from costumers to its suppliers pursuant to certain supply agreement. This may consequently have similar effects on the Func Food Group's business, reputation and financial position as described above.

1.1.4 Potential Liability Relating to Alleged Infringements in Intellectual Property Rights

According to the distribution agreement with Celsius Holdings Inc., People's Choice's use of certain trademarks must be approved in writing by Celsius Holdings Inc. People's Choice is moreover under an obligation to ensure that the aforementioned obligations also apply for all of its sub-distributors. Certain customer agreements lack such an undertaking. Assuming that the term "sub-contractors" also covers People's Choice's customers, there is a risk that People's Choice will be held liable for non-fulfilments of the customers' obligations.

Although Celsius Holdings Inc. has undertaken to compensate People's Choice for claims from third parties due to alleged infringements in the intellectual property rights, People's Choice has limited possibilities to claim such reimbursement. In the event any liability arises for People's Choice relating to any mentioned infringement, either relating to its sub-distributors or to its own use of any trademarks, it may result in claims for damage, causing an adverse effect on the People's Choice Group's business, financial position and results of operations.

Func Food has recently re-branded one of its products, formerly branded as "Hula", to "Nula" due to a risk that the use of the trademark "Hula" constituted an infringement of another existing trademark. Notwithstanding the re-branding, Func Food Group may still receive claims for damages due to an alleged trademark infringement for its former use of the trademark. There is a risk that such claims of damages, which would have a negative effect on the Func Food Group's reputation and an adverse effect on the Func Food Group's business, financial position and results of operation.

1.1.5 Risk of Termination of the Sport Apparel Supply Agreement

The supply agreement for sport apparel with Freddy S.p.A. stipulates seasonal volume commitments for Freddy Store, increasing every season until the expiry of the agreement in 2018. Notwithstanding any former fulfilment rate, there is a risk that Freddy Store will not be able to comply with the volume commitments going forward, which gives the supplier the right to terminate the agreement.

Furthermore, the People's Choice Group has registered Freddy Store's company name and references are made to the trademark CELSIUS in relation to the distribution of the sport apparel both of which may constitute breaches of the agreement with Freddy S.p.A, regarding the use of the trademarks under the agreement. In addition, there is a risk that Freddy Store's current distribution through its web shop may constitute a breach of the agreement considering that according to the wording of the distribution agreement, Freddy Store is only entitled to sell sport apparel through department stores and selected fashion and sport retail stores.

There is a risk that non-compliance of the agreement, such as misuse of the trademarks, may entitle Freddy S.p.A. to terminate the agreement. Considering that the sport apparel provided by Freddy S.p.A. grants Freddy Store an exclusive distribution right in Sweden, there is a risk that a termination of the agreement will have an adverse effect on the People's Choice Group's business, financial position and results of operation.

Lastly, the distribution agreement prohibits an active sale of sport apparel outside of Sweden which prevents a potential expansion outside of Sweden.

1.1.6 Exposure to Key Customers

The Peoples' Choice Group's five largest customers represent approximately 86 per cent of the People's Choice Group's sales. There are no volume commitments stipulated in the agreements with the material customers and there can be no assurance that all significant customers will continue to purchase the People's Choice Group's products in the same quantities that they have in the past. The agreements also includes short notice periods. Further, the material agreements with ICA and Coop include change of control clauses which were triggered in conjunction with the acquisition of People's Choice. Although no actions have been taken yet, there is still a risk that ICA or Coop could take actions in order to terminate the agreements on the bases of the change of control clause.

While the Issuer's customer base, as such, is relatively wide in terms of number of customers, the Issuer's four largest customers represent a significant part of the Issuer's sales. Hence, also the Issuer is heavily dependent on certain key customers. Such dependency is especially significant with respect to the FAST products, where the Issuer's customer, S-Group, represent over 50 per cent. of the sales for these products. There is a risk that the loss of any of the significant customers by the People's Choice Group or the Issuer, or a material reduction in sales to a significant customer could have a material adverse effect on the Group's business and financial position.

1.1.7 Penalty Clause in Agreement with Coop

People's Choice's agreement with Coop contains a penalty clause, stipulating a liability for People's Choice to pay an amount of SEK 1 million for each breach of Coop's code of conduct, including, inter alia, discrimination and usage of child labour, in case any action not considered to be in compliance with the code of conduct is not remedied within reasonable time. There is a risk that any non-compliance with the code of conduct will affect the People's Choice Group's business, financial position and results of operations negatively.

1.1.8 Lack of Written Agreements with Customers, Suppliers and Sellers

The Group relies to some extent on non-formalized business relationships and oral agreements, for example the People's Choice Group's supply agreements with its customers regarding the sales of sport apparel. The lack of written agreements implicates uncertainties including inter alia the applicable terms and conditions, the allocation of responsibility and liability under a relevant agreement and its validity. This may also result in uncertainties relating to any possible claims that may be brought against the Group. The aforementioned could affect the Group's business and financial position negatively.

1.1.9 The Impact on the Func Food Group's Business By Non-Compete Clauses and Restrictions Regarding Sales Channels and Territory in the People's Choice Group's Distribution Agreements

The People's Choice Group's distribution agreements with Celsius Holdings Inc. and Freddy S.p.A, respectively, contain non-compete clauses as well as clauses restricting the allowed sales channels and territory. According to the distribution agreement with Freddy S.p.A., Freddy Store is prohibited from distributing any products which may, directly or indirectly, compete with the sport apparel distributed under the agreement. In addition, Freddy Store is only entitled to distribute the products to department stores as well as selected fashion and sport retail stores

and may not actively sell the products outside of Sweden. The distribution agreement with Celsius Holdings Inc. stipulates that People's Choice and its sub-distributors may not distribute products that are similar or competitive to the beverages distributed under the agreement during the term of the agreement and for a period of one year thereafter, without Celsius Holdings Inc.'s written consent. This covenant does not apply to non-affiliated sub-distributors. In addition, People's Choice's exclusive distribution rights are limited to the distribution channels wholesale and retail and are further currently limited to the territories of Sweden, Finland, Denmark, Norway and Switzerland, with an option for additional exclusive distribution rights in the Baltic countries. The non-compete provisions may limit the People's Choice Group's possibilities to distribute any other products of the Group that might be seen as similar or competitive. The non-compete clauses, along with the clauses restricting the allowed sales channels and territories, could limit the Group's expansion possibilities and affect the Group's business and financial position negatively.

1.1.10 Risk of Liability Relating to Social Security Charges Regarding Goods Given to Ambassadors and Remuneration to Consultant

The People's Choice Group has approximately 150 ambassadors that participate in marketing events and receive beverages and sports apparel products as remuneration. Furthermore, the finance director of the People's Choice Group is considered to be a consultant, according to a consultancy agreement that has been entered into. There is a risk that the ambassadors and the finance director may be deemed to be employees from a tax perspective, in which case the relevant company in the People's Choice Group risks liability for social security charges, amounting to 31.42 per cent. of the market value of the provided products, which could affect the People's Choice Group's financial position and results negatively.

1.1.11 Product Quality and Product Liability

The quality of the Group's products is critical to the success of its business. The business area in which the Group operates in is generally sensitive with respect to quality issues whereas the consequences of quality issues, due to e.g. low-quality ingredients or poor quality in manufacturing of the products, could be severe. Any product liability claims against the Group implies a reputational risk. If materialized, there is a risk that the aforementioned risks could have an adverse effect on the Group's operations, financial position, results and future prospects. The adverse effects may be particularly severe given that the Group has to some extent failed to transfer the risk of product liability issues to its suppliers through contractual arrangements.

1.1.12 Key Employees

Hiring and retaining adequate personnel is a crucial factor for Group's business. As an example, the Func Food Group relies on its senior executives and a limited number of key employees, who have developed the Func Food Group's business and day-to-day operations and who accordingly possess comprehensive knowledge of the Issuer's business in general and of the Func Food Group's customer and supplier relations in particular. Furthermore, the People's Choice Group is, to a significant degree, dependent on its ability to hire, retain and develop competent managers and sales personnel and accordingly, it is important for the People's Choice Group to be seen as an attractive employer. There is a risk that senior executives and/or key personnel would leave the Group at some point in time or take up employment with a competing business. There is also a risk that the Group would not be able to find and attract the desired personnel.

Should senior executives and/or key employees leave, along with an inability to find and employ suitable successors, there is a risk that the lack of adequate personnel may have an adverse effect on the Group's business, financial position and results of operation.

Moreover, the People's Choice Group's employment agreements with its key employees currently lack certain restrictive covenants normally seen in employment agreements for managerial employees; entailing an increased exposure for the People's Choice Group should the key employees terminate their employment with the People's Choice Group. This may have a negative effect on the People's Choice Group's operations and financial position.

1.1.13 Brand and Product Development and Protection of Intellectual Property

The Group is dependent upon their ability to strengthen and maintain their existing brands and ensure that their products stay competitive. There is a risk that the Group will not be successful within these fields. If not successful in the aforementioned fields, this may have an adverse effect on the Group's operations, financial position and future prospects.

Furthermore, inability to protect granted intellectual property rights or to successfully apply for new ones, including in new territories, as well as infringement of third-party intellectual property rights, may prohibit the Group from successfully developing their brands and could consequently – and in case of an infringement, also directly – have an adverse effect on the Issuer's operations, financial position, results and future prospects.

1.1.14 Counterparty Risks in Relation to Suppliers and Contractual Partners

Neither the Issuer nor the People's Choice Group has their own production. Consequently, the companies are dependent on their cooperation with suppliers and other contractual partners and also dependent on cash flow generated by their customers. The Issuer and the People's Choice Group are therefore subject to the risk that some suppliers and/or contractual partners render their services inadequately or not in a timely manner and/or that its customers fail to fulfil their obligations to the Issuer and/or the People's Choice Group. Further, such suppliers and/or contractual partners may become insolvent during their engagement and/or a customer during the business relationship. In such case the Issuer and the People's Choice Group could lose customers or the further growth of the Issuer and the People's Choice Group could be impaired. There is a risk that this, in turn, will have an adverse effect on the Group's operations, financial position, results and future prospects.

1.1.15 Risks in Relation to Incomplete Information of the Issuer's and the People's Choice Group's Financial Positions

The Group's historical financial reports prior to 2015 have been based on certain assumptions by each company's management and may in certain respects not be entirely accurate. In particular, this relates to the respective group's monthly reporting. Moreover, the financial reports of CocoVi, that were prepared prior to the Func Food Group's acquisition of CocoVi, have proven not to be entirely accurate. As a result, there is a risk that the Group cannot provide complete and detailed information of their financial position for the relevant time. Hence, there is a risk that figures based on such reports, and shown in this Prospectus, do not provide an accurate description of the Group's financial performance during the relevant period.

1.1.16 Risk In Relation to Information in IFRS Financial Statements

When financial statements are prepared in accordance with International Financial Reporting Standards, the Group's management must make, in its sole discretion, estimates and assumptions that affect the amounts of assets and liabilities presented in the financial statements, the reporting of contingent assets and liabilities, and the amount of income and expenses. The management may also be required to use its discretion in the application of the accounting principles. The estimates are mainly related to the allocation of assets to clients, brands and goodwill subsequent to business acquisitions, impairment testing and related forecasts on the growth of business and development of the operating environment, the merchantability of inventories and the value of trade receivables, the recognition and measurement of provisions, and future tax liabilities and benefits. There are uncertainties related to the operating environment which may prevent the estimates from coming true. The main uncertainties concern the future development of consumers' purchase patterns and preferences, the changes in various product categories and related competitive situation, and the possibilities of extending the company's operation to other products and new markets.

1.1.17 Taxes and Charges

The Group conducts its business in accordance with their interpretation of applicable tax regulations and applicable requirements and decisions. However, there is a risk that the Group's or their advisors' interpretation and application of laws, regulations, rules, and case law has been, or will continue to be, correct or that such laws, regulations, rules and case law will not change, potentially with retroactive effect. In particular, it is unclear how the Finnish beverage and candy taxation should be interpreted, and the Finnish Tax Authorities have, following a tax audit, imposed additional taxes on the Issuer. The decision by the Finnish Tax Authority has been appealed, but there is no guarantee that the appeal will be successful. If any of the events described herein should occur, there is a risk that the Group's tax liabilities will increase, which could have an adverse effect on the Group's operations, financial position, results and future prospects.

1.1.18 Ongoing Disputes

Func Food Finland has a pending appeal proceeding with the Finnish Customs regarding a tax reassessment, pursuant to which Func Food Finland is obligated to pay excise duty and additional tax in the aggregate amount of EUR 686,922 for the years 2011-2012 and 2012-2013. The tax liability is covered by the representations and warranties of the agreement relating to Sentica's acquisition of Func Food Finland. Nonetheless, there is a risk that the representations and warranties are not upheld. If not, there is a risk that the final outcome of the pending proceedings and any resulting obligations for the Func Food Group could have an adverse effect on the Func Food Group's operations, financial position, results and future prospects.

1.1.19 Transaction and Acquisition Risk

The People's Choice Group was acquired in 2015. Hence, the People's Choice Group may have hidden liabilities which have not yet been discovered or materialised. The share purchase agreement, pursuant to which the People's Choice Group was acquired, contains limitations as to which claims can be made against the vendor and at what point in time these claims can be made. Losses incurred due to hidden liabilities may not be possible to claim from the vendors.

There is a risk that any of these risks, if materialised, will have an adverse effect on the Group's operations, financial position and results.

Further, the acquisition of the People's Choice Group may still presents certain financial, managerial and operational risks, including diversion of management's attention from existing core business, difficulties when integrating or separating businesses from existing operations and challenges presented by acquisitions which may not achieve sales levels and profitability that justify the investments made. If the People's Choice Group is not successfully integrated, the Group's business, financial condition and results of operations may be adversely affected. Future acquisitions could also result in dilutive issuances of the Group's equity securities, the incurrence of debt, contingent liabilities, amortisation costs, impairment of goodwill or restructuring charges, any of which could harm the Group's financial condition or results of operations.

1.1.20 Insurance

If the Group is unable to maintain its insurance cover on terms acceptable to it, if the Group receive claims exceeding the caps of the insurance coverage, e.g. for product liability, or if future business requirements exceed or fall outside the Group's insurance cover, or if the Group's provisions for uninsured costs are insufficient to cover the final costs, there is a risk that such incidents will adversely impact the Group's operations, financial position, earnings and results.

1.1.21 Sanctions

The Group have suppliers throughout the world. Some of the countries where the suppliers are active may be subject to greater political, economic and social uncertainty than countries with more developed institutional structures. There is a risk that some of these countries are and may be subject to sanctions regulations, such as trade restrictions. Such events could have a negative impact on the Group's business, earnings, financial position and future prospects.

1.1.22 Corporate Governance

The Group rely on their employees to carry out the business of the companies in accordance with their respective internal corporate policies for governance and compliance. There is a risk that the Group's employees violate such internal policies, which may expose the Group to risks such as being in breach of agreements, entering into contradictory agreements, violating applicable laws and regulations etc. There is a risk that any of the risks described above, if materialize, will have an adverse effect on the Group's operations, earnings and financial position.

1.2 MARKET SPECIFIC RISKS

1.2.1 The Group Operates in a Competitive Market

The fitness and health market is highly competitive. Food retailers or other players on the market generally offer proprietary private label brands, especially within the energy drinks segment, that compete with the People's Choice Group's products. Furthermore, new competitors have recently entered the market with products that are similar to Celsius, and there is a risk that other competitors will introduce additional competitive products. If the Group is unable to offer higher quality, to create sufficient brand image or value proposition, consumers may reduce their purchases of the Group's products which would have an adverse

effect on the Group's operations, earnings and financial position. Moreover, competition in the market and customer needs may restrict the Group's ability to increase prices to compensate for increased purchase costs. The Group may also, at certain times, need to reduce the prices of the Group's products in order to address competition which may result in a decrease in profit margins which will have a negative impact on the Group's operations, earnings and financial position.

1.2.2 Consumer Trends

Health trends and debates on health, weight, sugar and risks relating to consumption of energy drinks can have a direct effect on the consumption of the Group's products. Further, individual consumer's consciousness on the effect of their consumption of various products to their own health is continuously increasing. Even if the Group work actively to satisfy consumer preferences and sensibilities, there is a risk that the aforementioned trends result in reduced demand for the Group's products, which in turn, may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Terms and Conditions for the Bond.

1.2.3 Impact of the Economy

Consumption patterns are affected by a number of factors outside the Group's control, such as the business cycle, interest rates, exchange rates, inflation levels, taxation, access to credit, stock market developments, unemployment levels and other global and local economic factors. A more favourable business cycle has a positive impact on consumer finances, which usually stimulates increased consumption. Generally, a deterioration of economic conditions has the opposite effect which would have a negative impact on the Group's operations, earnings and financial position.

1.2.4 Changes in Legislation

The Group's business is affected by various legislations and regulations, including, inter alia, tax regulations, employment legislation, consumer rights regulations, product liability regulations and, most prominently, food and health regulations. Energy drinks and similar beverages are often subject to investigations by food safety authorities, including FDA, EFSA and the Swedish National Food Agency (Sw. Livsmedelsverket), regarding the health effects of the products. The energy drink Celsius, a product of material importance to the People's Choice Group, contains a high level of caffeine. The health effects of caffeine usage are continually assessed by the food safety authorities. Another subject of investigation includes the combination of different synthetic ingredients, frequently used in energy drinks.

Changes in the legislation relating to energy drinks and similar beverages are frequently discussed in the media, such as regulations imposing upper limits on caffeine levels, limitations as to which ingredients may be combined with caffeine as well as bans on the sales to minors. The People's Choice Group is to some extent able to influence the Celsius production in order to comply with the caffeine limits regulated differently in certain countries. In order to comply with the food safety regulations, consultants of the Swedish Health Authority have been engaged for assessing the products. The People's Choice Group's legal and compliance functions are nonetheless deemed to be limited, which involves the risk of failure to comply with laws, regulations and permits.

New or amended legislations and regulations could call for unexpected costs or restrict the possibility of distributing the Group's products. Changes in applicable laws or regulations could require the Group to modify their products as well as more generally the manner in which they operate e.g. in terms of marketing and advertising its products, increase the costs to the Group of their operations and subsequently require the Issuer and the People's Choice Group to make significant capital expenditure, or curtail aspects of their operations. There is a risk that any of the foregoing could have an adverse effect on the Group's operations, financial position, results and future prospects.

1.2.5 Negative Publicity

Negative publicity or announcements relating to the Group or any of their representatives or ambassadors may, regardless of whether justified, deteriorate the brands' value. For example, in 2015, Swedish media reported quality issues in a batch of Celsius beverages which entailed negative media attention. Considering the Group's healthy profiles, there is a risk the Group may be particularly sensitive to such negative publicity which in turn could have negative effect on the Group's earnings, result and financial position.

1.2.6 Legal disputes

Func Food Finland has a pending appeal proceeding with the Finnish Customs regarding a tax reassessment, pursuant to which Func Food Finland is obligated to pay excise duty and additional tax in the aggregate amount of EUR 686,922 for the years 2011-2012 and 2012-2013. The tax liability is covered by the representations and warranties of the agreement relating to Sentic's acquisition of Func Food Finland. Nonetheless, there is a risk that the representations and warranties are not upheld. If not, there is a risk that the final outcome of the pending proceedings and any resulting obligations for the Func Food Group could have an adverse effect on the Func Food Group's operations, financial position, results and future prospects. Moreover, claims or legal action may in the future be taken against the Group, most likely regarding, but not limited to, product liability claims and trademark infringements. There is a risk that such legal actions have significant unfavourable effects on the Group's financial position, performance, reputation and market position.

1.3 Risks Relating to the Bonds and the Transaction Security

1.3.1 The Bonds may not be a Suitable Investment for all Investors

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

- (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 Information Memorandum or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools in order to evaluate the financial risk involved in investing in the Bonds and the impact of the investment to the investor's investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks involved in the investment in the Bonds;

- (d) have a thorough understanding of the final Terms and Conditions; and
- (e) be able to evaluate (either alone or with the help of a professional advisers) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

1.3.2 Investors are Exposed to a Credit Risk in Respect of the Issuer

An investment in the Bonds carries a credit towards the Group. The investor's ability to receive payment under the Terms and Conditions is therefore dependent on the Group ability to meet its payment obligations, including the amortisation requirements in the Terms and Conditions, which in turn is largely dependent upon the performance of the Group's operations and their financial position. The Group's financial positions is affected by several factors of which some have been mentioned above. There is a risk that an increased credit risk causes the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively.

1.3.3 Active Trading Market for the Bonds may not Develop

The Bonds constitute a new issue of securities. Prior to the listing of the Bonds on the Nasdaq Stockholm, there is no public market for the Bonds. Although application will be made to list the Bonds on the Nasdaq Stockholm, there is a risk that such application will not be approved. Further, even if securities are admitted to trading on a regulated market, active trading in the securities may not occur. The Issuer is under an obligation to maintain a liquid market for the Bonds. The liquidity and the market prices for the Bonds can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer as well as many other factors that generally influence the market prices of securities. Such fluctuations may significantly affect the liquidity and the market prices of the Bonds, which may trade at a discount to the price at which the holders purchased the Bonds. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. 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 Stockholm.

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

1.3.4 The Market Price of the Bonds may be Volatile

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

1.3.5 Information that the Issuer Discloses May not Correspond to that Disclosed by Companies Whose Shares are Listed

Before the listing of the Bonds, no securities issued by the Issuer are listed on any stock exchange. After the listing of the Bonds, the Issuer must satisfy the disclosure and other requirements imposed on an Issuer of a publicly traded bond under the Swedish Securities Market Act and the Rules of Nasdaq Stockholm. Such disclosure requirements differ from those imposed on a company whose shares are listed on Nasdaq Stockholm. Hence, an investor must not assume that the information the Issuer discloses satisfies the requirements imposed on a company whose shares are listed on Nasdaq Stockholm or is otherwise comparable to the extent and quality of information disclosed by such listed company. Further, subject to the above disclosure requirements imposed on an Issuer of a publicly-traded bond, the Issuer may amend its disclosure policy which may result in changes in the scope of disclosure by the Issuer also in such manner that disclosure in respect of the Issuer and its operations decreases to the detriment of investors. The Issuer does not undertake to disclose any other information relating to the Bonds or the security of the Bonds than it is required to disclose under the Terms and Conditions, the Swedish Securities Markets Act and the Rules of Nasdaq Stockholm.

1.3.6 The Issuer is not Obligated to Compensate for Withholding Tax on the Bonds

In the event withholding taxes are imposed in respect of payments to bondholders on amounts due pursuant to the Bonds, the Issuer is neither obliged to gross-up or otherwise compensate holders for the lesser amounts the holders will receive as a result of the imposition of withholding taxes nor entitled to a premature redemption of the Bonds.

1.3.7 Bondholders' Meetings, Modification and Waivers

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

1.3.8 Structural Subordination and Insolvency of Subsidiaries

The Issuer is dependent on its direct and indirect subsidiaries and their ability to make payments to it in order to fulfil its payment obligations under the Bonds. Most assets are owned by and all revenues are generated in subsidiaries of the Issuer. The subsidiaries are legally separated from the Issuer and have no obligation to make payments to the Issuer of any surpluses generated from their business. The subsidiaries' ability to make payments is restricted by, among other things, the availability of funds, corporate restrictions and local law. There is a risk that the Issuer and its assets will not be protected from actions by the creditors of any subsidiary of the Issuer, whether under bankruptcy law, by contract or otherwise.

1.3.9 Transaction Security and Guarantees Granted to Secure the Bonds May be Insufficient

The Issuer's obligations under the Bonds will be secured by the Transaction Security. If a subsidiary, which shares have been pledged in favour of the bondholders, is subject to any

foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such pledge may have limited or no value. The subsidiary's outstanding obligations towards its contracting parties must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the bondholders. The value of the shares may also decline over time. In addition, the pledged business mortgage notes, which covers all movable business assets such as inventory and fixed and financial assets, to the extent not separately pledged at the time of registration of the business mortgage, may at the time of realization have little or no value as the business mortgage covers a changing pool of assets and certain assets are excluded from its scope entirely. There is a risk that the Transaction Security may prove to be insufficient to cover the Issuer's payment obligations under the Bonds, and thus an investor may forfeit interest payable on, and the principal amount of, the Bonds in whole or in part, or otherwise.

Moreover, the value of the intra-group loan granted by the Issuer to its subsidiaries Func Food Sweden and Func Food Finland largely depends on each debtor's ability to repay its respective loan. Should a debtor be unable to repay its debt obligations upon an enforcement of a pledge over an intra-group loan, there is a risk that the bondholders will not recover the full or any value of the security granted over such intra-group loan.

Finally, the bondholders benefit from guarantees provided by the Guarantors. In the event of insolvency, liquidation or a similar event relating to one of the Guarantors, all other creditors of the Guarantors would be entitled to payment out of the assets of such Guarantor with the same priority as the bondholders to the extent that the guarantee is valid. In addition, save for the Transaction Security, the Bonds represent unsecured obligations of the Issuer. This means that in the event of bankruptcy, reorganisation or winding-up of the Issuer, the holders of the Bonds normally receive payment after any priority creditors have been paid in full. If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, the bondholders will only have an unsecured claim against the Issuer and its remaining assets (if any) for the amounts which remain outstanding under or in respect of the Bonds.

1.3.10 Security Granted to Secure the Bonds may be Unenforceable or Enforcement of the Security may be Delayed

The enforceability of the Transaction Security may be subject to a certain degree of uncertainty. *Firstly*, the Transaction Security granted by the Subsidiaries may be unenforceable if (or to the extent), for example, the granting of the security were considered to be economically unjustified for the relevant Subsidiary (corporate benefit requirement). Although parts of the net proceeds of the Bonds will be on-lent to certain Subsidiaries, there is a risk that such arrangement is insufficient to satisfy the corporate benefit requirement for the granting of security in accordance with the relevant transaction security agreement on or before the Issue Date.

Secondly, according to Swedish and Finnish Bankruptcy laws, a transaction having a detrimental effect for the creditors of a company, may be revoked if the transaction was completed during a specific time period before the relevant company entered into bankruptcy. The mandatory Swedish and Finnish bankruptcy laws may therefore, under specific circumstances, require that the security granted to secure the Bonds shall be recovered to the bankruptcy estate of the relevant company.

Thirdly, there is a risk that certain transaction security is not properly perfected. For example, the pledge over the Escrow Account purported to be created by the escrow account pledge

agreement will only be perfected, and enforceable against the Issuer's bankruptcy estate, if (i) the bank has been notified of the pledge created by the escrow account pledge agreement, and (ii) the Issuer has been deprived of the control over the pledged bank account. Considering that the net proceeds from the Bond Issue will be transferred from the account in several instalments for purposes of, inter alia, paying the Additional Purchase Price 1 and 2 (if relevant), the Issuer may be deemed not to have been effectively deprived of its control over the over the pledged bank account. Accordingly, there can be no assurance that the pledge would be deemed duly perfected. A failure to perfect the security may result in the invalidity of the relevant transaction security or adversely affect the priority of such security interest in favour of third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same transaction security. Therefore, there is a risk that the security granted in respect of the Bonds might be ineffective in respect of any of the Issuer's obligations under the Bonds in the event the Issuer becomes insolvent.

1.3.11 Security Over Assets Granted to Third Parties

The Group may subject to certain limitations from time to time incur additional financial indebtedness and provide additional security for such indebtedness. In the event of bankruptcy, re-organization or winding-up of the Issuer, the bondholders will be subordinated in right of payment out of the assets being subject to security.

1.3.12 Risks Relating to the Subordination Agreement

In connection with the issue of the Bonds, the Issuer entered into a subordination agreement pursuant to which any claims under any Shareholder Loans or Vendor Loan shall be fully subordinated to the Bonds. The obligations of the subordinated creditors under the subordination agreement will however only entail a contractual subordination in relation to the Bonds, meaning that there will be no structural subordination. Considering that it is unclear under Swedish and Finnish law whether a subordination agreement would be legally binding upon an administrator or receiver in any subsequent winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, there is a risk that that the bondholders would rank *pari passu* with any creditors under any Shareholder Loan or Vendor Loan to the extent the bondholders cannot recover full or any value of the Transaction Security.

1.3.13 Risks Related to Early Redemption and Put Options

Under the Terms and Conditions, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the bondholders have the right to receive an early redemption amount which exceeds the nominal amount. However, there is a risk that the market value of the Bonds is higher than the early redemption amount. Hence, there is a risk that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds.

Furthermore, pursuant to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put options) upon a Change of Control. There is however a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of Bonds.

1.3.14 Exchange Rate Risks and Exchange Controls

The Issuer will pay principal and interest on the Bonds in EUR. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than EUR. These include the risk that exchange rates may significantly change (including changes due to devaluation of EUR or revaluation of Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to EUR would decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

1.3.15 No Action Against the Issuer and Bondholders' Representation

In accordance with the final Terms and Conditions, the agent represents all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that a bondholder, in certain situations, could bring its own action against the Issuer (in breach of the final Terms and Conditions) which could negatively impact an acceleration of the Bonds or other action against the Issuer. To enable the Agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. There is a risk that a failure of all bondholders to submit such a power of attorney will negatively affect the legal proceedings.

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

In addition to the provisions of the Terms and Conditions and the agreement relating to the Agent, there is no specific legislation or established market practice in Sweden which would govern the Agent's role, appointment and performance of its duties and obligations under the Bonds. There is a risk that a failure by the Agent to perform its duties and obligations properly, or at all, will 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.

1.3.16 The Bonds Carry no Voting Rights at the Issuer's General Meetings of Shareholders

The Bonds carry no voting rights with respect to the General Meetings of Shareholders of the Issuer. Consequently, in the Issuer's General Meetings of Shareholders the holders of Bonds cannot influence any decisions by the Issuer to redeem the Bonds or any decisions by the Issuer's shareholders concerning, for instance, the capital structure of the Issuer which could impact the Issuer's ability to make payments on the Bonds.

1.3.17 Restrictions on the Transferability of the Bonds

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a bondholder may not offer or sell the Bonds in the United States. The Issuer has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Issuer has not registered the Bonds under any other country's securities laws. Each potential investor should read the information under the heading "Important information" for further information about the transfer restrictions that apply to the Bonds. It is each bondholder's obligation to ensure that its offers and sales of Bonds comply with all applicable securities laws.

1.3.18 Right to Payments that Have not Been Claimed Within Three Years Are Prescribed

In case any payment under the Bonds has not been claimed within three years from the original due date thereof, the right to such payment shall become void. Such prescription may incur financial losses to such bondholders who have not claimed payment under the Bonds within the prescription time of three years.

1.3.19 Risks Relating to the Clearing and Settlement in Euroclear's Book-Entry System

The Bonds will be affiliated to Euroclear Sweden's account-based system, and no physical notes will be issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear's account-based system. There is a risk that any malfunction or delay in the book-entry securities system or any failure by any relevant party may result in the transaction involving the Bonds not taking place as expected or being delayed, which may cause financial losses or damage to the bondholders whose rights depended on the timely and successful completion of the transaction.

Neither the Group, nor any other third party, will assume any liability for the timely and full functionality of the book-entry securities system. Payments under the Bonds will be made in accordance with the laws governing the book-entry securities system, the rules of Euroclear Sweden and the Terms and Conditions. For the purposes of payments under the Bonds, it is the responsibility of each investor to maintain with its respective book-entry account operator up to date information on applicable bank accounts.

2. The Bonds in Brief

The following summary contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, see the Terms and Conditions.

Issuer	Func Food Group Oyj
Bonds Offered	EUR 38,000,000 in aggregate principal amount of senior secured floating rate bonds due 2019.
Number of Bonds	380.
ISIN	SE0007186150.
Issue Date	26 June 2016.
Issue Price	100 per cent.
Interest Rates	Interest on the Bonds will be paid at a floating rate of three-month EURIBOR plus 9.00 per cent. per annum.
Interest Payment Dates	26 March, 26 June, 26 September and 26 December, of each year commencing on 26 September 2015. Interest will accrue from (but excluding) the Issue Date.
Nominal Amount	The Bonds will have a nominal amount of EUR 100,000 and the minimum permissible investment in the Bonds is EUR 100,000.
Status of the Bonds	<p>The Bonds are denominated in EUR and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.</p> <p>The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer, and:</p> <p>will at all times rank at least <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer without any preference among them, except those</p>

obligations which are mandatorily preferred by law;

are guaranteed by the Guarantors;

are effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness; and

are structurally subordinated to any existing or future indebtedness of the subsidiaries of the Issuer (other than the Guarantor to the extent secured by the Guarantee), including obligations to trade creditors.

Guarantees

The Issuer's obligations under the Bonds are irrevocably and unconditionally guaranteed (the "**Guarantee**") by Func Food Finland, the "**Guarantor**" and the Issuer pursuant to the Guarantee and Adherence Agreement.

See "*Description of Material Agreements – Guarantee and Adherence Agreement*" for further details.

Ranking of the Guarantees

The Guarantee of the Guarantor is a general obligation of such Guarantor and:

- ranks *pari passu* in right of payment with any existing and future indebtedness of the Guarantor that is not subordinated in right of payment to such Guarantee, including the indebtedness under any loan (unless any such loan is secured by security);
- ranks senior in right of payment to any existing and future indebtedness of the Guarantor that is expressly subordinated in right of payment to such Guarantee; and
- is effectively subordinated to any existing or future indebtedness or obligation of the Guarantor that is secured by property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness.

Security

The Guarantee are subject to certain limitations under local law.

The Bonds, together with obligations under the agency agreement with Nordic Trustee & Agency AB (publ), are secured by the following security interests:

- (a) a first ranking share pledge over all the shares in Func Food Finland;
- (b) a first ranking share pledge over the shares all the shares in Func Food Sweden;
- (c) a first ranking pledge over the intragroup loan made available by the Issuer to Func Food Finland in an amount of no less than EUR 3,800,000;
- (d) a first ranking pledge over the approximately EUR 33,000,000 intragroup loan made available by the Issuer to Func Food Sweden;
- (e) a first ranking business mortgage over the assets in the Issuer in the aggregate principal amount of EUR 10,000,000 with best priority;
- (f) a first ranking business mortgage over the assets in Func Food Finland in the aggregate principal amount of EUR 6,500,000 with best priority; and
- (g) a first ranking pledge over the Bank Accounts.

See the definition of "**Security Documents**" in Clause 1.1 (*Definitions*) of the Terms and Conditions.

Call Option

The Issuer has the right to redeem outstanding Bonds in full at any time at the applicable Call Option Amount in accordance with Clause 10.4 (*Voluntary Total Redemption*) of the Terms and Conditions.

The Issuer has the right, following an Equity Listing Event, to prepay up to 35 per cent. of the Total Nominal Amount in accordance with Clause 10.5 (*Voluntary Partial Prepayment upon an Equity Listing Event*) of the Terms and Conditions

Call Option Amount

Call Option Amount means:

- (a) the First Issue Date to, but not including, the First Call Date at a price equivalent to the Make Whole Amount;
- (b) from the First Call Date to, but not including, the date falling 30 months after the First Issue Date at a price equivalent to 104.70 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest;
- (c) from the date falling 30 months after the Issue Date, but not including, the date falling 36 months after the First Issue Date at a price equivalent to 103.29 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest;
- (d) from the date falling 36 months after the Issue Date, but not including, the date falling 42 months after the First Issue Date at a price equivalent to 101.88 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest; and
- (e) from the date falling 42 months after the Issue Date to, but not including, the Final Maturity Date at a price equivalent to 100.47 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest.

Make Whole Amount

Make Whole Amount means a price equivalent to the sum of:

- (a) the Outstanding Nominal Amount;
- (b) all remaining scheduled Interest Payments (assuming that the Interest Rate for the period from the relevant redemption date to the First Call Date will be equal to the interpolated EUR mid-swap rate for the remaining term from the redemption date until the First Call Date plus the Floating Rate Margin) on the Bonds to, but not including, the First Call Date; and
- (c) accrued (but unpaid) interest on the redeemed amount,

where (b) above shall be discounted (for the time period starting from the date the relevant Bonds are redeemed to the First Call Date) using a discount rate equal to the German Government Note Rate with a maturity as close as possible to the First Call Date plus 0.50 per cent.

First Call Date	Means the date falling 24 months after the First Issue Date.
Final Maturity Date	Means 26 June 2019, being the date falling four (4) years after the First Issue Date.
Change of Control	Upon a Change of Control Event occurring, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Outstanding Nominal Amount together with accrued but unpaid Interest.
Change of Control Event	The occurrence of an event or series of events whereby one or more persons, not being Sentica (or an Affiliate of Sentica), acting together and acquiring control over the Issuer or the Target Company and where "control" means (a) acquiring or controlling, directly or indirectly, more than 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 directors of the board of directors of the Issuer.
Certain Covenants	<p>The Terms and Conditions contain a number of covenants which restrict the ability of the Issuer and other Group Companies, including, <i>inter alia</i>:</p> <ul style="list-style-type: none"> ▪ restrictions on making any changes to the nature of their business; ▪ restrictions on the possibilities transfer, dispose, terminate, or violate the terms of the Celsius license agreement; ▪ a negative pledge, restricting the granting of security on Financial Indebtedness (as defined in the Terms and Conditions);

- restrictions on the incurrence of Financial Indebtedness (as defined in the Terms and Conditions); and
- limitations on the making of distributions and disposal of assets.

The Terms and Conditions contain incurrence covenants which govern the ability of the Issuer and the other Group Companies to incur additional debt.

Each of these covenants is subject to significant exceptions and qualifications, see the Terms and Conditions.

Use of Proceeds

The proceeds from the initial Bond Issue have been used towards:

- (a) financing the Acquisition, including the Pre-Funded Earn-Out Amount;
- (b) refinancing Refinancing Debt;
- (c) paying Transaction Costs; and
- (d) financing general corporate purposes of the Group.

Transfer Restrictions

The Bonds are subject to customary transfer restrictions as set out in Clause 5 (*Transfer Restrictions*) of the Terms and Conditions.

Listing

Application has been made to list the Bonds on Nasdaq Stockholm.

Agent

Nordic Trustee & Agency AB (publ).

Security Agent

Nordic Trustee & Agency AB (publ).

Issuing Agent

Pareto Securities AB.

Governing Law of the Bonds

Swedish law.

Governing Law of the Guarantee and Adherence Agreement

Swedish law.

Risk Factors

Investing in the Bonds involves substantial risks and prospective investors should refer to the section "*Risk Factors*" for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

3. Statement of Responsibility

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 8 June 2015 and was subsequently issued by the Issuer on 26 June 2015. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

The board of directors is the source of all company specific data contained in this Prospectus and the Sole Bookrunner has conducted no efforts to confirm or verify the information supplied by the board of directors. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the board of directors is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

10 June 2016

Func Food Group Oyj

The board of directors

4. Description of Material Agreements

The following is a summary of the material terms of material agreements to which the Issuer or any other member of the Group is a party and considered as outside of the ordinary course of business. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

4.1 Financing Agreements

Save for the Bonds, the Group has the following loan term external financial arrangement in place that are deemed to be material to the Group:

- (a) An unsecured investor loan provided to Func Food Finland from Suomen Lisäravinne in the aggregate principal amount of EUR 300,000, of which EUR 140,000 drawn, with an interest rate of 7.0 per cent. The loan matures on 31 December 2018.
- (b) A non-interest bearing, unsecured, loan provided to the Company by Antti Pirinen, former main owner of Func Food Finland Oy, in the principal amount of EUR 577,014. The loan does not have a specified maturity date. The loan was granted for settling retrospective tax liabilities for the financial years 2011-2013. If the retrospective tax liabilities turn out to be less than the loan principal, the remainder will be repaid.
- (c) A vendor loan provided to Func Food Sweden from Magma AB in the principal amount of EUR 1,500,000, with an interest rate of 7.0 per cent. The loan was granted in connection with the Share Purchase Agreement whereby Func Food Sweden acquired Magma AB's shares of ACMF Holding AB. The loan, together with accrued interest, matures on 1 July 2020.

4.2 Guarantee and Adherence Agreement

Func Food Finland and the Issuer have entered into a guarantee and adherence agreement with the Security Agent dated 1 July 2015 (the "**Guarantee and Adherence Agreement**"), pursuant to which Func Food Finland and the Issuer have *inter alia* irrevocably and unconditionally guaranteed as principal obligor and as for its own debt (*Sw. proprieborgen*) to each Secured Party and their successors and assigns the full and punctual payment and performance of all Secured Obligations, including the payment of principal and premium, if any, and interest under the Finance Documents when due, whether at maturity, by acceleration, by redemption or otherwise, and interest on any such obligation which is overdue, and of all other monetary obligations of the Issuer to the Secured Parties under the Finance Documents.

The Guarantees are subject to the Subordination Agreement and certain limitations imposed by local law requirements in certain jurisdictions.

4.3 Subordination Agreement

The Issuer, Func Food Sweden, the Original Equity Investors and Magma AB (in its capacity as seller of its part of the shares in the People's Choice Group) (the "**Seller**"), have entered into a subordination agreement with the Security Agent dated 1 July 2015 (the "**Subordination Agreement**"). The Seller has, as per the date of this Prospectus, granted a vendor loan to Func Food Sweden in an amount of EUR 1,500,000 (including incurred and unpaid interest) (the

"**Vendor Debt**") and the Original Equity Investors may from time to time provide shareholder debt by way of Shareholder Loans (the "**Shareholder Debt**") to the Issuer in the future.

In accordance with the Subordination Agreement, the Bondholders and the Security Agent (together the "**Senior Creditors**"), the Seller and the Original Equity Investor agree that their respective claims against the Issuer and Func Food Sweden (as applicable) shall rank in the following order of priority:

- (a) first, the Secured Obligations (as defined in the Terms and Conditions); and
- (b) second, the Vendor Debt and the Shareholders Debt.

4.4 Celsius License Agreement

The distribution agreement with Celsius Holding Inc., which was originally entered into in 2009 but extended by way of a new agreement in 2015, gives People's Choice the exclusive right to distribute Celsius beverages via retail and wholesale channels in Sweden, Finland, Norway, Denmark and Switzerland. Moreover, People's Choice have a right of first refusal in the Baltic countries. The distribution agreement also grants People's Choice the freedom to engage in further product development and to manipulate the existing product as it sees fit, subject to prior consent from Celsius Holding Inc., for instance by adding new flavors or ingredients, amending existing flavors, or amending the packaging.

The license fee paid to Celsius Holding Inc. covers all costs incurred by Celsius Holding Inc. in arranging for the production, labelling, filling and packaging of Celsius. People's Choice on their part cover all costs related to insurance, transportation, customs clearance, etc. once the goods have left the producer, in addition, naturally, to all marketing expenses.

Under the terms of the distribution agreement, People's Choice agrees to pay to Celsius Holding Inc. a fixed fee in US dollars ("**USD**"). Prices may be changed by Celsius Holding Inc. upon 90 days' written notice. The agreement also contains a volume discount. Through this agreement, Celsius Holding Inc. also contributes to financial efforts when new markets are entered.

4.5 Licence Agreement with Freddy S.P.A

The Freddy products are sold in Sweden through a license from Freddy S.p.a. The agreement gives Freddy Store the exclusive right to sell Freddy branded apparel and footwear to department stores and selected fashion and sport retailers in Sweden, but not to leather goods and bags retailers or stationery shops. The products may not be marketed outside Sweden, nor may Freddy Store undertake to sell any products which compete, directly or indirectly, with Freddy products.

The agreement came into force in July 2014 and terminates in October 2018. Were Freddy Store to reach each season's minimum purchase value, as discussed below, the agreement may be extended for an additional five years at Freddy Store's discretion. Freddy Store is free to price the products as they may choose, provided prices remain competitive.

As is common with contracts in the field of clothing and fashion, the agreement refers to two annual seasons, spring/summer ("**SS**") and fall/winter ("**FW**"). It further stipulates minimum purchase volumes for each season, with the minimum purchase value increasing season-on-season, unless separately re-negotiated. Upon a possible extension of the agreement, the new

minimum purchase volumes will have to exceed the level of the current one. The products are manufactured in Indonesia and Bangladesh and shipped to Gothenburg via Italy in multiple shipments per collection.

4.6 The Share Purchase Agreement Relating to the Shares in ACMF Holding AB

Pursuant to a share purchase agreement, dated 4 June 2015 and entered into between AC International Holding AB, Swedish reg. no. 556972-2332 and Magmax AB, Swedish reg. no. 559013-1099, as sellers (together the "**Sellers**") and Func Food Sweden, Func Food Sweden acquired 100 per cent. of the issued shares in ACMF Holding AB, the direct and indirect parent company of People's Choice and Freddy Store. ACMF Holding AB has now merged into Func Food Sweden AB with Func Food Sweden as surviving entity. The SPA contains normal warranties for a Swedish transaction with customary limitations regarding the Sellers liability for breach of warranties in respect of thresholds and time limitations for making claims. The purchase consideration was composed of an amount paid in cash for the acquired shares, an additional deferred consideration (fixed amount) specified in the contract, and a maximum amount for an additional (floating) contingent consideration, (earnout). The fixed additional consideration shall be paid immediately when then rolling 12-month EBITDA of the People's Choice Group exceeds SEK 70,000,000. The payment of the additional earnout amount will become applicable if the EBITDA reported by the People's Choice Group for 2015 and/or 2016 is at least SEK 70,000,000, and it will be paid in full if the EBITDA is at least SEK 110,000,000. No earnout amount will be paid following 2016. Neither the deferred consideration nor the earnout amount have become applicable as of June 2016.

4.7 The Share Purchase Agreement Relating to the Shares in Suomen Lisäravinne Oy

In 2015, Func Food Finland acquired 51 per cent. of the shares issued in Suomen Lisäravinne Oy. According to the terms of the agreement, Func Food Finland have a call option to buy the remaining 49 per cent. of the shares, and the seller has a has a right to sell such shares (put-option) (in which case Func Food Finland is under obligation to purchase the shares). The call- or put option must be invoked on January 1 2017 or later. If the rights are invoked, the purchase price for the remaining shares shall be based on the rolling 12-month EBITDA of Suomen Lisäravinne Oy with a cap set at EUR 1.0 million.

4.8 Customer's Agreement

As the Group is dependent on relatively few costumers, the agreements with these costumers are deemed to be material to the Group although these agreements are being contracts entered into in the ordinary course of business of the Group. In Finland, the most material customer agreements have been entered into with large retailers, such as SOK and Kesko, with XXL, a sports and outdoor store, and with the health and wellness chain Life. In Sweden, the most material customer agreements are those entered into with large retailers, such as ICA, COOP, Axfood, and Bergendahls, as well as wholesale customer for service trade Privab, and the sports and outdoor store Gymgrossisten. For further information, please see section "*Description of the Group - Business Model*".

5. Description of the Group

5.1 History and Development

Func Food Group Oyj, which is the legal and commercial name of the Company, was incorporated on 30 December 2013 and is a Finnish public limited liability company operating under the laws of Finland with reg. no. 2592369-6.

The registered office of the Company is PL 381, 33101 Tampere, Finland and the Company's headquarters is located at Pyyrikintie 25 Y 10, 33230 Tampere with telephone number +358 201 557 755.

In accordance with the articles of association of the Company, adopted on 18 May 2016, the Company's primary field of operations is capital investments as well as other investment business. In addition, the Company can offer administrative services for the group as well as own and trade real properties, shares and other securities and engage in other investment activities.

Please see "*Overview of Group structure*" for an overview of the Group's legal structure.

5.2 Business and Operations

5.2.1 The Func Food Group

Func Food Finland was founded in Tampere, Finland, in 1996 and is a pioneer in the Finnish markets for sports nutrition and superfoods. The sports nutrition brand FAST was launched on the Finnish market in 1998 and has grown to become one of the market leading brands in Finland.¹ Since June 2014 the Func Food Group also owns the brand CocoVi, which is the market leader in the superfood segment.²

Through these premium brands, the Func Food Group offers a wide range of products such as protein powders, bars, ready-to-drink beverages, oils and butters, nuts, pills, berries and accessories which are distributed through a network of more than 5,000 outlets throughout Finland, including all the major grocery retailers as well as health stores and fitness centres. The Func Food Group specialises in product development, brand building and marketing, and has as such outsourced all manufacturing and logistics operations to subcontractors.

Since January 2014, the Company has been majority owned by funds managed by Sentica Partners, an independent Finnish private company. Sentica's funds have made a total investment of EUR 15.99 million.

The remaining stake is split between Andreas Celik (through his wholly owned holding company SEBSON AB (formerly AC International Holding AB), former co-owner of the People's Choice Group), Antti Pirinen (former main owner of Func Food Finland), Jani Uusi-Ristaniemi (founder of the CocoVi brand and Func Food Finland's Marketing Director), Joy Group (an external investor), and Teemu Tolonen (Func Food Finland's former Sales Director).

¹ In 2014, the market share corresponded to 26 per cent of sales (by value) (Euromonitor).

² In 2014, the sales corresponded to EUR 6 million, equivalent to approximately 50 per cent. of the total market (Nielsen Homescan 2015 and management's estimate).

5.2.2 The People's Choice Group

In 2015, the Company acquired the People's Choice Group, a Swedish distributor of the functional beverage Celsius and the sport wear, apparel and shoe brand, Freddy. The People's Choice Group was established in Gothenburg, Sweden in 2005 and commenced the distribution of the functional beverage Celsius on the Swedish market in 2009, after having established contact with the license holder, Celsius Holding Inc., in 2008. Celsius is a healthy, sugar-free beverage enriched with caffeine, guarana, vitamins and antioxidants and comes in several flavours; Orange, Wild Berries, Cola, Citrus/Lime, Peach/Mango, Strawberry/Kiwi, Raspberry/Acai, and Pear.

Celsius is among the market leaders of the functional beverages and the second-largest brand in its category in Sweden.³ Over the last couple of years the People's Choice Group has established Celsius as a brand of choice amongst young, trend-setting and health-conscious consumers and management now considers the brand to have reached the critical mass required for long-term success in the Swedish market. Through People's Choice's large, specialised salesforce the brand has reached full distribution within the four grocery retail chains dominating the Swedish market – ICA, Coop, Axfood and Bergendahls – as well as a strong presence in speciality stores, fitness centres and pharmacies.

Since January 2014, People's Choice also owns the Swedish distribution rights for a leading Italian sportswear, apparel and shoe brand Freddy through its wholly-owned subsidiary Freddy Store. As part of a four-year distribution agreement, Freddy Store sells the products through more than 70 outlets across Sweden as well as through its own online store. The Freddy brand is closely associated with, and complementary to, the Celsius beverage brand, creating marketing synergies.

The People's Choice Group has approximately 40 employees.

5.3 Products

5.3.1 The Func Food Group

The Func Food Group's product portfolio is split across two brands: FAST, which offers premium sports nutrition to a wide range of customer segments, and CocoVi, which addresses the rapidly growing superfoods market. Both brands are among market leading brands in their respective segments and enjoy high brand recognition and a loyal customer base.

FAST

FAST was launched on the Finnish market in 1998 and entered the daily retail store channel in 2000 through an agreement with S-Group. Today, products offered under the FAST brand appeal to a wide range of customer segments, from dieters and casual gym goers to fitness enthusiasts, team and endurance athletes and professional weightlifters. Products are generally placed in one of four categories, presented in descending order of sales volumes: powders, bars, drinks and other items, and are differentiated according to the targeted customer segment. The products are generally positioned in the premium segment but reasonably priced in order to attract the largest possible user base.

³ Nielsen POS data 2016 and Euromonitor 2015.

Powders have traditionally dominated the sales mix and continue to do so today. Bars are the second-most popular product segment while the fairly new category of ready-to-drink beverages has become an integral part of the portfolio. Pills, accessories and other products still contribute relatively marginally to total sales.

CocoVi

The Group acquired CocoVi in June 2014 in order to tap into the emerging and rapidly growing market for superfoods in Finland. The offering includes approximately 50 products ranging from dried berries, seeds, greens, proteins, oils, bars and powders, which are sold through grocery retail stores and health specialty stores. The products are highly nutritious, free of additives, gluten and dairy, and approximately 80 per cent are organic, thus addressing perfectly the growing demand from an increasingly health-conscious customer base which includes fitness professionals and healthy cooking enthusiasts. Moreover, they come in delicate and modern packaging which appeals to the target segment and encourages sharing on social media such as Facebook or Instagram. Indeed, such promotion by athletes, bloggers and other opinion builders is becoming an increasingly important marketing tool for Func Food, and one on which the Group places and will continue to place emphasis going forward. Within CocoVi, the bestselling product is coconut oil, followed by chia seeds, various powders, nuts, bars and other products.

Nula⁴

In 2015, the Func Food Group launched a new product range, Nula, which comprised healthy snack bars as well as nut and dried berry mixes. The products contain only natural ingredients such as fruits, nuts, berries and honey, and no added sugar or other additives. The products are also lactose and gluten free. The new brand was initially successful and the bars continue to perform well on the market, while the mixes lost distribution in a saturated market place. The Func Food Group is currently working on an update to the role of Nula in the overall product portfolio.

5.3.2 The People's Choice Group

The People's Choice Group is the Swedish distributor of the functional beverage Celsius, a sugar-free beverage enriched with caffeine, guarana, vitamins and antioxidants. People's Choice also owns Freddy Store, which holds the Swedish distribution rights for the leading Italian sportswear brand Freddy, which produces high-quality apparel, shoes and accessories.

Celsius

Celsius is a functional beverage marketed and sold in Sweden by People's Choice. The beverage has been offered on the Swedish market since 2009 and has emerged as one of the leading and fastest-growing functional drink brands in Sweden.⁵ Celsius comprises a range of healthy and nutritious functional beverages which come in various flavours. All flavours are completely sugar-free and contain only natural flavours and colourings. Guarana and caffeine have been added to give the beverage its invigorating properties, as have green tea and ginger for increased metabolism, chrome for appetite suppression, and vitamins B and C.

⁴ Formerly named Hula.

⁵ Nielsen POS data 2015.

Seven accredited and peer-reviewed clinical studies have been conducted on the benefits of Celsius, all of which provide evidence of the beverage's thermogenic properties, meaning that it increases the user's metabolism. The researchers found that the beverage "*augments one's training response to both aerobic and resistance (weight) training*" and further observed "*significant improvements in body composition and cardiorespiratory fitness in those consuming the Celsius beverage*". Another study, which compared participants who consumed a serving of Celsius 15 minutes prior to exercise with a group which did not consume any Celsius, found that over a 10-week period the Celsius group experienced on average 78 per cent. greater body fat loss and 79 per cent. improved endurance performance. These and other studies verify the efficacy of Celsius and render validity to its unique position as a negative calorie functional beverage. Due to EFSA (European Food Safety Authority), it is not allowed to use these studies and the product claims in Europe. That is one of the reasons why Sweden is not using the same design as in the US. To reinforce Celsius' healthy image, it is not sold in bars or clubs where it could be used as a mixer in alcoholic beverages. While The People's Choice Group cannot use the claims from these studies directly in marketing communication in Sweden, they have an overall impact on the brand image through social media and other channels outside Sweden.

Celsius comes in eight flavors, of which six are sparkling and two are non-carbonated: Pear, Orange, Wild Berries, Cola, Lemon/Lime, Peach/Mango, Strawberry/Kiwi and Raspberry Acai. The newest flavor, Raspberry Acai, was released shortly after Easter 2016 and has proven to be highly popular – the first stock of 500,000 cans was sold out during the first month it was released. Raspberry Acai has been an important contributor to People's Choice's start this year, expecting full distribution within the first month. The new flavor became the bestselling product of the entire functional beverage category during its launch. Furthermore, in certain stores it was the bestselling product in the total beverage category. This shows the strength of People's Choice's distribution chain. More importantly, it also serves to highlight the substantial potential for other products, both proprietary ones as well as cross-sales from Func Food Group's portfolio, utilizing People's Choice's dedicated sales force which is one of the key factors.

Over time, the two most popular flavors of Celsius have been Lemon/Lime and Cola. As of now, it looks like Raspberry Acai will challenge those two products and might be number one in sales.

Freddy Store

Freddy is an Italian brand founded in 1976 which specialises in sportswear and dancewear. In 2014, People's Choice began collaborating with the label to produce Celsius-branded clothing to support the marketing of the beverage, and later that year commenced the standalone distribution of Freddy products in Sweden. These are now sold through more than 70 outlets as well as through a dedicated online store. In particular the WR.UP pant, an innovative garment launched in 2013 and designed to sculpt the female body by supporting the thigh and buttock area, has become popular.

5.4 Business model

5.4.1 The Func Food Group

Purchasing, manufacturing and logistics

The Func Food Group has outsourced all production, packaging, transportation and warehousing of its products to subcontractors, allowing it to concentrate on product development, brand

building as well as sales and marketing activities. Outsourcing provides significant financial and operational flexibility, which is crucial for a growing company which, for the time being, operates in a comparably small market. Moreover, it facilitates innovation by granting Func Food the freedom to explore product designs and nutritional compositions without regards to any limitations presented by its manufacturing facilities.

All new Func Food products are conceived by the Func Food Group's internal R&D team, together with Brand Manager in close collaboration with product manufacturers. The final goods are packaged at the subcontractor's site and delivered to the Func Food Group's subcontractor's central warehouse in Vantaa.

Throughout the entire production phase, the Func Food Group collaborates closely with the subcontractor with regards to product quality, maximisation of process efficiency and other issues. This is a deliberate strategy from the Func Food Group's side in order to facilitate organizational learning amongst its subcontractors, with the ultimate aim of streamlining the production process, improving quality and ensuring strict cost control.

The final product is then delivered to the warehouse in Vantaa. All production takes place within the European Union and in recognized and certified production facilities that meet applicable standards.

Suppliers

The Func Food Group operates with a wide range of subcontractors in the sourcing, production, mixing and packaging of its products. The prices of raw materials and packaging can vary considerably according to changes in the supply/demand balance.

The Func Food Group has a team dedicated to purchasing, logistics and supply chain management Focus in particular on identifying potential cost savings in the supply chain and ensuring that the Func Food Group has clear, transparent and enforceable contracts vis-à-vis its suppliers. The Func Food Group is gradually moving towards increasingly formalised contract structures.

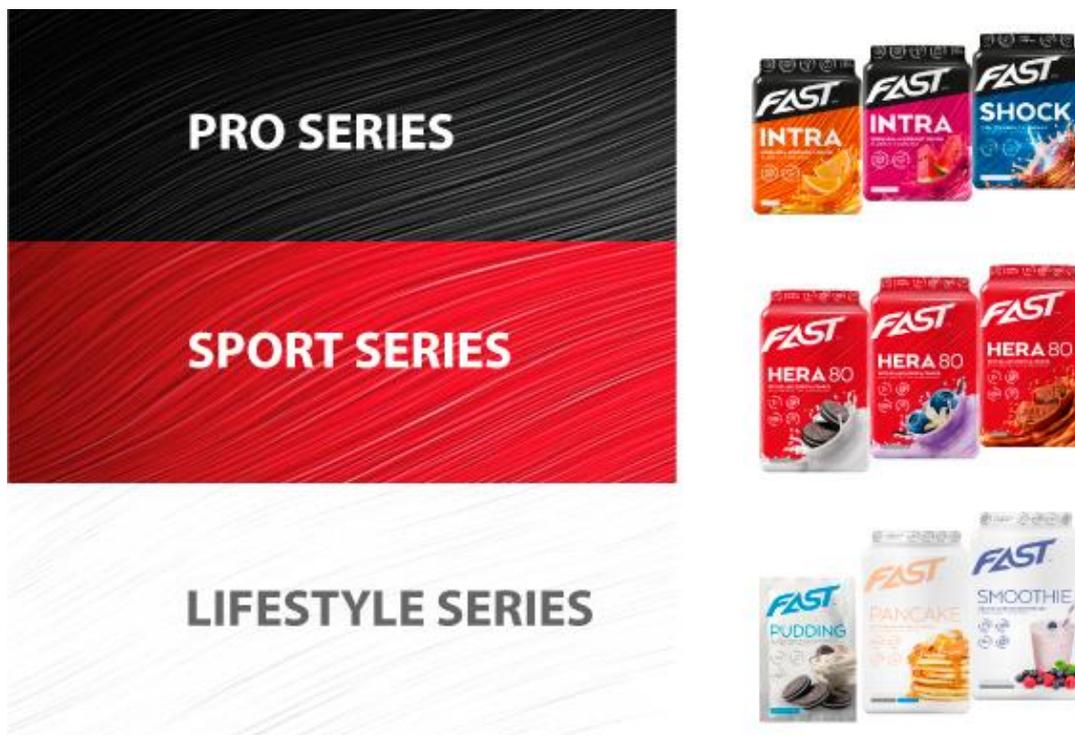
Sales and marketing

In January 2016, the Func Food Group's Fast brand was completely renewed. Old pouches have been replaced by modern square shape jars, with full body sleeves stating brands premium image and high quality. The Fast logo and other product designs have also been updated. At the same time, the entire brand communications platform and media strategy was renewed.

Within the Fast brand, three consumer segments have been identified and established to better suit a broader target group;

- (a) Lifestyle: Focuses on mainstream consumer, occasional exercisers, consumers that are using products because of the product's good taste, and users of sports supplements as part of a healthy and active lifestyle.
- (b) Pro: Focuses on heavy users, pro athletes and consumers, who would like to optimize their training with products with a no-compromise approach in terms of content.

- (c) Sport: Focused on fitness enthusiasts, team sport, endurance, dieters and frequent gym goers, who are seeking for high-quality products that are easy to understand and use.



Cocovi brand will launch a quality control program and focus on highlighting transparency and ethical values in its strategic product marketing. In connection with the re-launch of FAST and the update of the marketing strategy of the Group, Cocovi's communications platform has also been updated to better answer to the needs of both existing and new consumers.

Func Food Group is planning to launch an online store in Q3 of 2016. This is very much a response to demand by two important segments: younger users aged between 18-25 years, for whom shopping online is the most natural choice, and frequent users, who are highly price conscious and prefer to buy in bulk. Moreover, the Func Food Group already has an online marketing presence through its websites, associated bloggers and online partnership websites, which combined reach up to 500,000 users per week, and now seeks to capitalise on this. Finally, creating an online marketplace is an important step in getting closer to end users.

As of January 2016, the Func Food Group has a new and streamlined marketing strategy. The marketing services are now outsourced to an external media- and marketing strategy agency. The aim of this assignment is to reach more efficient planning together with the marketing department and also handle all design work as an integrated part of the planning process, thus increasing focus and efficiency.

Func Food Group has also outsourced strategic communication to a PR agency. The aim is to drive categories' core messages to media and strengthen the brands- and quality image as well as tell people why and how to use FFF products.

Pricing

The Func Food Group seeks to position its products price-wise at the upper end of the market to stay in line with the high-quality and premium image of the brand, however remaining accessible to a wide range of shoppers. The Func Food Group operates with a finished goods-model, whereby pricing is handled on a "cost-plus" basis, accounting for taxes and other factors. The Func Food Group has also re-built its pricing strategy during 2015 to better answer the needs of the market and support the continued value growth of the category.

Customers

The Func Food Group's products are sold in approximately 5,000 outlets across Finland, with the majority of sales accounted for by large grocery retailers such as S-Group, Kesko, Life, XXL and Tokmanni. Fitness centres, health and speciality stores and exports make up the remainder.

5.4.2 The People's Choice Group

The Distribution Agreement with Celsius Holdings Inc

The Celsius beverage is sold in Sweden, and is currently being launched in Finland, through a licence. The Celsius license is owned by the Licensor, a US listed, Nevada-domiciled company. The Licensor was founded in 2004 and distributes Celsius via a range of retail channels across the United States. In 2015, People's Choice signed a new 10-year distribution agreement with the Licensor. The agreement expires in 2025 but comes with the option of extending the agreement for an additional 10 years.

People's Choice's role in the Celsius value chain is primarily that of a marketer, acting as an intermediary between Celsius Holdings Inc. and Swedish retailers. The ordering, production, filling and shipping of Celsius has been outsourced, thus reducing costs and the administrative burden of managing a supply chain and allowing People's Choice to focus on product and market development and marketing. All orders for Celsius products are placed with the Licensor, who subsequently assigns the responsibility for production, filling, quality control and packaging to various reliable and reputable subcontractors, as illustrated on the following page. Upon receiving an order from People's Choice, the Licensor relays this order first to Rexam, the world's leading beverage can producer, where the production of cans commences at their facility in Recklinghausen, Germany. Finished cans are delivered to Dico, a German beverage producer who has already prepared the beverage mix, for filling and packaging at their facility in Hückelhoven, Germany. The final batches are then collected by Bring, People's Choice's logistics partner, and shipped to a rented storage facility in Gothenburg from where they are shipped on to retailers in whole, half or one-thirds of a pallet, each comprising a number of 24-can cases. The Group has in 2016 assigned further resources to ensure a continuous improvement in inventory turnover while maintaining a high service level.

Sales and Marketing of Celsius

People's Choice's greatest strength lies in its strong marketing apparatus. People's Choice has a sale force comprising of approximately 30 employees together with approximately 150 brand ambassadors. Celsius is marketed through a combination of traditional marketing channels, social media and blogs, and events such as in-store promotions, fitness and sports events, etc.

People's Choice's sales force structure includes one head of sales, two key account managers and 2 regional managers, who in turn are supported by 21 sales persons which together ensure

nationwide coverage. The 21-member strong sales team comprises some staff focused on the fitness and wellness segment while the majority the sales force is supported by a highly efficient CRM system which enables them to support new launches without losing focus on Celsius. The size of the sales force allows for frequent store visits with the aim of maximising the number of selling points, securing shelf space for Celsius and improving in-store positioning, in turn boosting sales. Generally, every store is visited at least once a month, with more frequent visits to larger and more important clients. Visits, both to existing customers and for the sake of recruiting new ones, are crucial in order to enhance Celsius' reach and store presence.

The sales force is incentivised through success bonuses for making store visits, recruiting new customers, organising product tastings, selling coolers or meeting other predefined targets. This creates staff buy-in and boosts morale and commitment.

People's Choice has approximately 2,600 owned and Celsius-branded coolers placed in retail outlets throughout Sweden. These coolers represent a significant and long-term investment in Celsius' store presence and ensure that future marketing can be focused almost exclusively on product sales and generating customer awareness. This will in turn result in lower incremental cost of sales going forward, while at the same time providing an ideal base for the rollout of new, complementary products, be those People's Choice's own or selected products from Func Food's portfolio. Furthermore, People's Choice has an additional 300 unutilised coolers in storage that can be quickly re-branded depending on the product that is being rolled out.

In addition to the sale force, People's Choice is supported by a network of approximately 150 ambassadors who take part in the marketing of Celsius. These are not employed by People's Choice, but assists with spreading the brand and inspire other people to follow a healthy and active lifestyle. Each ambassador is categorised on a scale from A-F according to their ability to contribute to the marketing of Celsius, ranging from trained and educated event staff that can represent the brand at for instance fitness centers, to people who are not able to attend events and rather market the brand towards their own customers, environment and social media followers. Most of People's Choice's ambassadors fall into the categories C and D, meaning they participate in events and demos where they offer product samples while interacting with potential customers.

Social media, in particular Facebook and Instagram, is becoming an increasingly important marketing channel, in particular for brands such as Celsius which seek to target young, modern and trend-aware consumers. People's Choice has created a strong presence on social media. Moreover, the hashtags #celsius and #celsiusverige have been used more than 350,000 times in total on Instagram and in turn have been seen countless times, representing powerful and completely free advertising.

In addition, People's Choice has recruited bloggers and social media users with large amounts of followers as ambassadors for the Celsius brand. This allows them to quickly reach large amounts of end-users in Celsius' target segment at a much lower price than through conventional marketing channels such as television or magazine advertising. Moreover, having the brand endorsed by social media personalities creates appears more authentic and in turn creates a deep and lasting brand loyalty, especially among a generation inundated by and often immune to conventional forms of advertising.

Costumers of Celsius

When Celsius was introduced to the Swedish market in 2009, People's Choice initially focused on getting the product into fitness centres, where they understood people would be most receptive to a healthy, workout-enhancing beverage. As the product grew in popularity, fuelled by demand from young, fashionable and health-conscious consumers, the distribution was widened to include health stores, hypermarkets and convenience stores in order to target a larger end-user base

Hypermarkets are today the largest customers of Celsius. People's Choice has central agreements with four big grocery retail chains in Sweden: ICA, Coop, Axfood and Bergendahls. Securing central agreements with the big four retailers, rather than having individual contracts on a store-by-store basis, has been crucial for Celsius' sales growth. Securing central agreements represents a substantial barrier to entry for any prospective competitor wishing to enter the market and, consequently, a major competitive advantage for People's Choice.

ICA is the largest buyer of Celsius, accounting for more than one-third of total sales. Axfood is the second biggest customer, representing 17 per cent. of sales. Coop and Bergendahls together account for approximately 18 per cent., while fitness centers and online retailers, in particular Gymgrossisten (3 per cent.), also represent notable sales.

Retailer contracts generally take the form of open-ended framework agreements with three-month cancellation periods. The contracts generally do not contain any stipulated volume requirements on either party. As mentioned earlier, the contracts with the big four retailers in Sweden are centralised contracts, meaning the products can be sold in all of the retailer's stores. Rather than the retailer requesting deliveries, People's Choice will generally provide sales prognoses and make deliveries to the retailer accordingly, which are expected to be sold over the course of approximately 2 weeks. Contracts will contain requirements as to the service level provided by People's Choice, usually in excess of 98 per cent, and payment tends to take place 30-45 days after delivery.

People's Choice operates with one list price for Celsius regardless of sales channel. The list price has so far been kept unchanged. The largest retailers are offered a double-digit percentage discount on this price, with additional minor discounts available for bulk purchases. Other smaller customers generally receive a different discount, as is customary in the industry.

The functional beverage category is growing double-digit and many larger companies are looking in to this category. The brand NOCCO that is distributed by Vitamin Well is growing quickly and has taken a good position in the category. Other companies are launching new hybrid functional beverages. At the same time Celsius still has a unique position as a premium value product and still is the second biggest brand in the functional beverage category (after Red Bull), which makes it highly resilient to substitution. Retailers generally enjoy higher than average markup on functional beverages compared to other beverage categories. Considering that over 15 million cans of Celsius were sold in the last twelve months, of which approximately 10 million were sold by the four large wholesalers, this translates into substantial contribution to retailers' profits. Few if any other products will offer this combination of profitability and volumes, ensuring that the risk of substitution for a new market entrant remains low

Quality Control

Both the Licensor and People's Choice are extremely concerned with maintaining the high quality of Celsius beverages, and with each can providing a consistently positive consumption

experience. This is ensured through a number of measures. Firstly, manufacturing may only take place in facilities certified in Good Manufacturing Practices in compliance with US Food and Drug Administration guidelines. These require the facility to have controls as to allergen control, analytical testing and environmental monitoring, chemical control, cleaning and sanitation, glass and brittle plastic control, internal auditing, pest control, receiving, storage and transport, supplier management, training and waste removal.

Both the producer and the Licensor carry out strict quality controls with batch acceptance predicated upon a 99.5 per cent confidence interval. Products not meeting these criteria are not released for shipment. Moreover, the Licensor monitors that goods are packed in accordance with standard packing processes for international container shipments and that they are available for inspection by the logistics partner prior to pick-up. Finally, People's Choice carries out its own spot checks upon receiving final products at the warehouse, with a particular focus on consistency of flavor. In the case of faulty products, People's Choice can reclaim the purchase price from the producer.

The Distribution Agreement with Freddy S.P.A

The Freddy products are sold in Sweden through a license from the License Holder. The agreement gives Freddy Store AB the exclusive right to sell Freddy branded apparel and footwear to department stores and selected fashion and sport retailers in Sweden, but not to leather goods and bags retailers or stationery shops. The products may not be marketed outside Sweden, nor may Freddy Store undertake to sell any products which compete, directly or indirectly, with Freddy products.

The agreement came into force in July 2014 and terminates in October 2018. The distribution agreement was initially agreed between ACMF Holding AB and the license holder, but was transferred to People's Choice's subsidiary Freddy Store in March 2015. FY14 was a start-up year for Freddy Store and as such the first year for which sales figures are available. During the year, Freddy Store recorded net sales of SEK 11 million, followed by SEK 37 million in 2015.

Customers of Freddy Store

Freddy Store's product portfolio comprises sportswear and dancewear, including apparel, shoes and accessories. The most popular product by far is the WR.UP pant. The products are sold via resellers as well as directly to consumers through Freddy Store's own web shop and on fairs and other events. The majority of sales take place through resellers such as fitness stores and other online retailers, with approximately one sixth of sales going through Freddy Store's own web store.

While resellers account for the majority of sales, the web shop delivers the highest margins, primarily due to the absence of reseller discounts and lower overhead costs.

The Func Food Group markets

As a company with strong positions and brands in growing categories across both Sweden and Finland, the Func Food Group is actively looking into opportunities for cross-sales between the markets. Currently, Finland is in the process of launching Celsius and the FAST brand is being launched with a premium concepts in selected stores in Sweden during Q2 of 2016.

5.5 Market Overview

5.5.1 Introduction

The Func Food Group offers sports nutrition, healthy snacks and superfoods in Finland through the FAST, CocoVi brands. The product range includes for example protein powders, bars, drinks, oils/butters, nuts, pills, berries and accessories. Through this offering, the Func Food Group addresses three adjacent attractive, growing markets, namely the market for sports nutrition, the market for healthy snacks, and the still relatively small market for superfoods, also estimated at approximately.

The People's Choice Group operates, through its distribution of the Celsius beverage, at the juncture of three attractive markets, namely the markets for (i) energy drinks (ii) sports drinks and (iii) fortified and functional bottled waters. Hence, the total of these three markets is considered as its addressable market.

Set out below is a description of the aforementioned relevant markets in which the Group conducts its business.

5.5.2 Sport nutrition

The Finnish market for sports nutrition is still relatively new and addresses a diverse customer base, from fitness enthusiasts and dieters to frequent users such as professional weightlifters and team and endurance athletes. Consequently, the range of available products is wide and includes powders, bars, ready-to-drink ("RTD"), puddings, pancakes and smoothies, covering the customer's needs prior to, during, and after the workout. In addition, dieters are offered a range of meal replacement products as well as fat burner and weight loss supplements. The market has grown quickly in recent years. According to Euromonitor, the market is showing signs of maturing, with penetration levels growing and novelty value fading. Strong historic boosters to growth, primarily the embedding of sports nutrition products in customers' mindsets and preference patterns, are settling down.

The growing demand for sports nutrition has been fuelled primarily by three interrelated demand-side trends:

- (a) An increasing emphasis on health drives demand for products that can support this objective. Amongst Finnish women in particular there is growing interest in exercise focused on building muscles and gaining strength as a part of a healthy and balanced lifestyle rather than just burning fat.
- (b) There is a growing focus on protein as a constituent of a healthy diet. While the standard Nordic diet generally satisfies the average person's protein requirements, people with active lifestyles, athletes, etc. will often have to resort to supplements to increase their protein intake. This trend has spread to the general population and resulted in growing demand for high-protein products as well as post-workout supplements.
- (c) Attitudes towards sports nutrition have changed. While previously regarded as niche products exclusively for top tier athletes, nutritional supplements are now considered a natural part of any active person's regimen. This trend has been driven by mainstream producers' entry to the market, a growing presence of the products in retail channels and not just in fitness centers and specialty stores, and finally by a growing awareness

in the general population arising from increased sponsoring and, importantly, informal marketing such as blog posts, etc.

Finally, producers such as the Func Food Group have played an important role in developing the market for sports nutrition in Finland. Products are now increasingly available in retail channels and often as ready-to-consume, which enhances their convenience value. The product range has been widened with for instance dedicated offerings aimed at women and specialty products such as protein porridge, pancakes, and pudding, and finally products look and taste better than before, adding to their appeal.

According to a study, every third person in Finland uses supplements and sports nutrition products.⁶ On average, products are used 3-5 times per week and, as expected, people who exercise use products more frequently than those who do not. Young people, aged 15-35, are the most frequent users and prefer RTDs, bars and powders, whereas older users prefer supplements in the form of pills.

From comprising primarily bodybuilders, fitness enthusiasts and competitive athletes, the range of end users of sports nutrition has widened in recent years to increasingly include casual gym goers, athletes engaging in team and endurance sports, as well as people who do not exercise at all but want easy alternatives to help maintain a healthier diet and/or lifestyle. This development has taken place largely due to the drivers outlined above and has in turn led to the emergence of a large and diversified base of addressable end users.

Measured by the number of users, the fitness segment is the largest, accounting for nearly one third of users. These customers generally have fitness as a lifestyle and hence make this a high-volume segment which is growing strongly. The second biggest segment comprises mainstream users who exercise casually, or sometimes not at all. However, customers in this segment are in general still eager to live a healthy lifestyle and thus are heavy users of sports nutrition and sports nutrition-like products. Importantly, this segment is still consuming disproportionately little in relation to its share of total users, illustrating the substantial growth potential, particularly in convenient ready-to-consume products.

Team sports and endurance users are becoming an increasingly important segment, in particular from a sponsorship perspective, where sponsoring the "right" athletes can have positive branding effects. The endurance sports segment is currently growing, but consumption still remains limited to during and around major competitions and less on an everyday basis. The weight loss segment is, by its very nature, a changing and fluid user base, as customers will generally transition to one of the other segments after having reached their weight loss goals. As such, consumption is relatively sporadic.

Finally, one of the smaller segments by users is the hardcore training segment, which encompasses serious bodybuilders and fitness athletes. While the number of customers is limited, they are extremely active users of sports nutrition and comprise one third of the market by value, while acting as important influences through their product preferences. Customers in this segment are generally knowledgeable and, due to their high consumption volumes, very price sensitive, making this an important but difficult to reach segment.

⁶ TNS Gallup.

The Finnish market for sports nutrition is generally quite competitive and comprises a number of sizeable players. The Func Food Group was a first mover into the Finnish market, having launched the FAST brand in 1998, and remains the market leader with a share of 31.2 per cent of sales (by value) in 2015. The Func Food Group's key competitor in this market is the Leader brand, marketed by Leader Foods, a Finnish company offering several health-related brands. Other significant competitors include Profeel (Valio's brand), offering RTD protein beverages, Gainomax, again focused on RTD protein beverages, and Maxim. In addition, two relatively large foreign online retailers have established a Finnish presence, namely Gymgrossisten, through the brand Fitnessstukku, and UK-based MyProtein, through Mass.fi.

In Finland, retail chains such as SOK, Kesko, Suomen Lähikauppa and Lidl are the largest distribution channel for sports nutrition, having shown strong growth in recent years. This is in contrast to most other European countries where products are usually sold in specialty outlets (such as health stores and fitness centres) and online. For instance, in Sweden 60 per cent of sports nutrition sales take place online. However, that is not to say that online sales in Finland are not material – according to Euromonitor, they accounted for 39 per cent of sales in 2015. In particular, the hardcore training segment, which encompasses serious bodybuilders and athletes and accounts for only 12 per cent of users but approximately one third of sales, tends to prefer shopping online due to high usage volumes and, accordingly, high price sensitivity.

Fitness centers remain an important sales channel but are decreasing in influence, which is also the case with health and specialty stores, especially organic stores. This development is understandable in light of the trends outlined earlier, namely the growing demand for convenience and availability of ready-to-consume products, as well as the growing proportion of lifestyle or non-exercising customers. These are naturally unlikely to visit fitness centers or specialty stores but will rather pick up products in retail outlets.

For Sweden, the sports nutrition segment is also showing strong growth, increasing with 6 per cent in 2015 and reaching 1,2 billion SEK in value.⁷ The market is showing similar traits to that of Finland, with bars bringing the biggest growth (19 per cent in 2015). While men have consumed sports nutrition for a fairly long time in Sweden, consumption of these products is growing among women, albeit from a relatively low base. 20 per cent of gym-goers in Sweden are believed to be women, a number that the Group expect will grow within the following years. Inspired by the Crossfit trend, Swedish women are making serious inroads into weight training and the leading sports nutrition brands are responding by launching products which are positioned specifically towards women.

Protein powder is still the most popular protein category in Sweden, accounting for 54 per cent. of value sales of all protein products sold in the country during 2015. The dominance of protein powder is very much a result of the fact that it was one of the first sports nutrition formats available in Sweden and, as such, it was able to quickly establish itself as the most popular protein format. However, the value share of protein powder among all protein products declined from 64 per cent. in 2010 due to the strong growth seen in sales of protein bars, which increased its share of total protein value sales from 16 per cent. in 2010 to 28 per cent. in 2015. The strong growth recorded in sales of protein bars is linked to regular new product launches as well as the expansion of the retail distribution of protein bars from gymnasiums and specialist retailers to grocery retailers channels. Protein powder, meanwhile, has not yet entered grocery

⁷ Euromonitor.

retailers channels to any great degree, although these products are available in some grocery retailers outlets.

5.5.3 Healthy Snacks

While the definition of the market for healthy snacks is somewhat fluid, it can be generally seen to cover certain muesli and granola bars as well as and dried berry and nut mixes and bars. Recently, the category has expanded to also cover "raw", unprocessed and additive-free bars. The market for healthy snacks in Finland is still relatively small, but is currently growing as healthy snack bars are a popular product in Finland and their demand is driven by many of the same factors that fuel demand for sports nutrition, as outlined above. They are viewed as healthier than other snacks and can be easily carried around and consumed on-the-go, accommodating the growing convenience food trend.⁸

Euromonitor expects that the demand for snack bars will continue to grow at healthy rates, driven by health and dietary trends. However, customers are expected to become increasingly critical in their purchasing decisions, consciously seeking out additive-free bars which contain more natural ingredients, as well as "raw" and unprocessed snacks. Lactose-free products, such as dairy and ice cream, have been well received by Finnish customers, a trend that is expected to manifest itself also in the healthy snacks market.⁹

Weetabix, through its Alpen brand, is currently the market leader in the Finnish healthy snacks market. Other competitors include Kellogg, Nestle, Kraft Foods, Raisio and Pirkka (Kesko's private label).

5.5.4 Superfoods

The term "superfood" lacks scientific meaning; rather it is a marketing term used to describe foods with supposed health benefits, low calorie content and high nutritional density, particularly with regards to antioxidants, healthy fats, fibres, phytochemicals and essential nutrients, which the body cannot produce itself. Commonly accepted superfoods include berries (goji, inca, acai, mulberries, blueberries), seeds (such as chia), nuts, cocoa nips, coconut oil, aloe vera, maca root, nettle, hemp, herbs such as cumin, algae (spirulina and chlorella), psyllium, sprouts, bee pollen, kale, wheatgrass, etc. Products in the superfood category are generally organic, highly nutritious and often unprocessed and free of additives, gluten and lactose.

The Finnish superfood market is relatively new and comparably small. The typical superfood customer is between 20-35 years old and leads an ecological lifestyle. The fastest growing segments, on the other hand, are health-conscious women between 25-45 years and athletes, in particular fitness professionals. Products were originally sold largely through health stores, but are now increasingly available in the daily retail channel. The Superfoods-segment has shown strong growth in 2015 and continues to grow in 2016.

5.5.5 Functional Beverage

As mentioned above, Celsius operates at the juncture of three attractive categories, namely those for energy drinks, sports drinks, and fortified and functional bottled waters. Accordingly,

⁸ Nielsen Homescan.

⁹ Euromonitor.

all three categories are considered Celsius' addressable market. However, the most relevant competitors are found in the sports and energy drinks segments.

On a general level, demand for energy drinks, sports drinks and fortified and functional bottled water is a component of overall grocery retail spend. The Swedish economy is performing well, which is reflected in the positive development of key macro indicators. Furthermore, Swedish consumers generally consider themselves very health conscious. According to the European Commission, Swedes are the most active people in the entire European Union, with three quarters stating that they work out regularly or somewhat regularly, against an EU average of less than 50 per cent. When surveyed at the beginning of 2014, 20 per cent of respondents stated that they had recently participated or were planning to participate in a form of long-distance competition (race, marathon, triathlon, etc.) over the course of the coming year.¹⁰

An active lifestyle naturally affects consumption patterns accordingly. According to the Swedish Food Federation, more than 60 per cent of producers surveyed consider healthier food options to be the hottest trend among consumers. This is supported by a survey carried out on grocery retail consumers in April 2014, where 43 per cent of respondents stated that they consider themselves to be more aware of health factors when making purchases than one year prior.¹¹

In sum, Swedish customers are increasingly demanding products that support their healthy lifestyle, for instance in the form of sports drinks that help them perform better during exercise and competitions, but also in the form of energy drinks that can provide sustained energy to cope with busy academic or work schedules. This demand has traditionally been met by conventional energy beverages such as Red Bull, Monster and Burn, which still dominate the market. However, 2013 and 2014 saw the onset of a growing awareness of the detrimental effects of conventional energy drinks, which are acidic and high in both sugar and artificial additives. This is now increasingly resulting in a shift away from such beverages and towards sugar- and additive-free beverages which may also be organic or functional, i.e. contain vitamins, minerals and trace elements. This trend bears no signs of abating and is expected to continue over the coming years as many consumers adapt to the concept of healthy, natural products.

The typical end user of sport and energy drinks is between 18 and 35 years of age. While sports drinks are mainly consumed by people who exercise on a regular basis, the group that consumes the largest quantity of energy drinks is young people between 10 and 18 years of age.¹² According to Delfi, this group consumes approximately 7 litres of energy drink per month, or 84 litres per year.¹³

The typical end user of functional drinks such as Celsius tends to be slightly different. Rather, these are physically active people between the ages of 18 and 35, with 20-25 year olds being the core target group. They are trend-aware but less susceptible to traditional marketing channels. Instead, they are increasingly influenced by events, promotions and informal marketing channels such as Facebook and Instagram, and are keen to share their experiences with a product through the same channels.

¹⁰ Swedish Food Federation.

¹¹ Swedish Food Federation.

¹² Euromonitor.

¹³ Delfi, data refer to EU consumption.

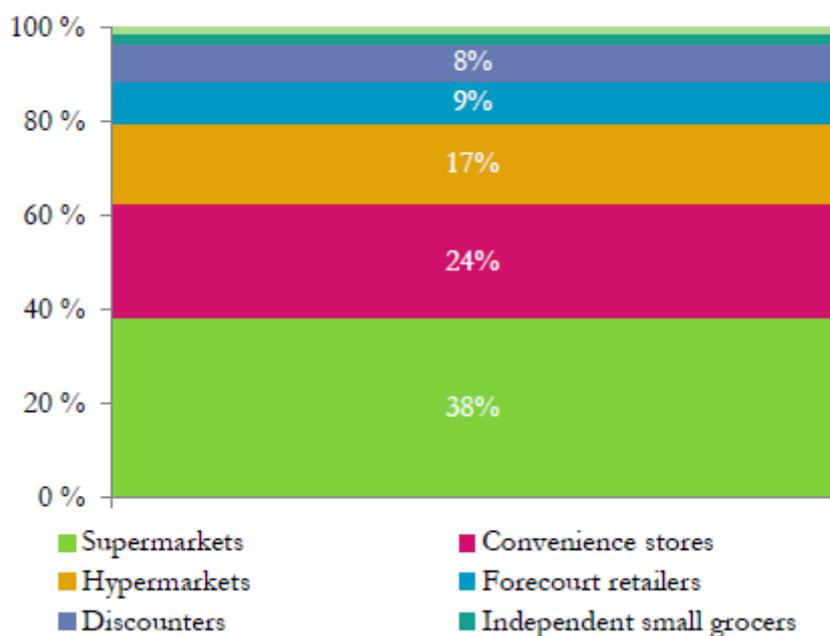
The energy and sport drink market is competitive and highly dispersed, with a handful of brands having significant market shares. These include Celsius, Red Bull, Monster, Burn and Euroshopper, ICA's own branded energy drink. Another relatively new contender is Nocco, a natural and flavoured sports drink with a high content of branched chain amino acids ("BCAA") intended to be used during exercise

Red Bull, Monster and Burn have been the most favoured brands in Sweden for a number of years. All three incumbent brands have lost market share to *inter alia* Celsius since its entry into the market. This decline has been further exacerbated by the trends explained earlier, where consumers are increasingly seeking out healthier, sugar- and additive-free beverages rather than conventional energy drinks.

In terms of segmentation, the market is generally divided into premium, branded beverages such as Celsius, Nocco, Red Bull, Monster et al, and lower-priced private label products such as Euroshopper and Powerking, which are directed at price-sensitive consumers. This segmentation of the market is expected to intensify in the coming years, as trend- and health-conscious consumers generally opt for higher-priced premium beverages while younger and more price-sensitive consumers choose private label products at significantly lower prices. Over the forecast period, Euromonitor expects that the entry of new competitors as well as private label market share gains will contribute to intensified price competition. However, the impact on brands such as Celsius is expected to be limited, as its target user base is relatively price insensitive and rather makes purchasing decisions based on criteria such as brand power, taste, and perceived health benefits.

Sport and energy drinks and fortified and functional bottled waters are sold almost exclusively through store-based off-trade retail channels such as supermarkets, hypermarkets and convenience stores. According to Euromonitor, 99 per cent of all sales in the addressable market in 2013 took place through stores, with the rest carried out through vending machines and online retail.

Distribution channels, 2013¹



Examining the sales profile in further detail, supermarkets are found to be the most popular retail channel, with more than 38 per cent of sales, followed by convenience stores at 24 per cent and hypermarkets at 17 per cent. The remaining part is comprised by forecourt retailers, discounters, independent small grocers and other retailers.

The grocery retailing market in Sweden is dominated by three large groups – ICA, Coop and Axfood, which together accounted for nearly 70 per cent of total retail value in 2014.¹⁴ ICA is by far the largest grocery retailer, with a 38 per cent market share, and operates supermarkets, hypermarkets and convenience stores throughout Sweden. Other players are Bergendahls, with nearly 7 per cent market share, Lidl, with 3 per cent, and Netto, with 2 per cent, of retail value.

5.6 Share Capital and Ownership Structure

The shares of the Company are denominated in EUR. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Company had an issued share capital of EUR 80,000 divided into 29 771 564 of shares.

The following table sets forth the ownership structure in the Company as per the date of this Prospectus.

Shareholder	Share capital	Voting Rights
SEBSON AB (reg. no. 556972-2332)	20.15 %	20.15 %
Joy Group Oy (reg. no. 0107726-1)	10.06 %	10.06 %

¹⁴ Euromonitor.

Antti Pirinen	10.02 %	10.02 %
Sentica Buyout IV Co-Investment Ky (reg. no. 2511383-7)	1.50 %	1.50 %
Sentica Buyout IV Ky (reg. no. 2511391-7)	52.20 %	52.20 %
Jani Uusi-Ristaniemi	5.62 %	5.62 %
Teemu Tolonen	0.44 %	0.44 %
Total	100.00 %	100.00 %

5.6.1 Major Shareholder

Since January 2014, Func Food has been majority owned by funds managed by Sentica Partners, an independent Finnish private equity fund. Sentica Partners is focusing on investing in and developing small and mid-sized companies with a Finnish origin. The investment team comprises 13 professionals and 3 advisors with extensive experience in fields such as private equity, consulting, investment banking and various industrial sectors, spread across offices in Helsinki, Tampere and Kuopio. Total funds under management amount to more than EUR 300 million, committed primarily by leading Finnish institutional investors and high-quality European fund of funds. Since 2006, funds managed by Sentica Partners have completed 27 platform investments and their portfolio companies have made over 60 add-on acquisitions.

In 2015, Sentica's 16 portfolio companies employed some 6,000 professionals in total and their combined turnover reached almost EUR 800 million. Sentica is owned by its seven partners and is a member of the Finnish Venture Capital Association.

Sentica's two previous buyout funds, Sentica Buyout II and Sentica Buyout III, have delivered gross IRRs of 90 per cent and 29 per cent, respectively. Debt providers have never converted debt to equity in any of Sentica's funds' portfolio companies nor taken control of them. All of Sentica's funds' portfolio companies have either repaid their interest-bearing debts or had them refinanced in conjunction with Sentica's exit. Sentica Partners is an active and committed owner who is still early in the holding period of the Group and looks forward to supporting the Group's future development.

5.6.2 Management Shareholders

Management shareholders include the following members of the Company's management:

- (a) Jani Uusi-Ristaniemi (management team member of Func Food Finland Oy)

5.6.3 Other shareholders

Other shareholders include the following members of the Company's board of directors:

- (a) Antti Pirinen; and
- (b) Andreas Celik, through his wholly owned company SEBSON AB.

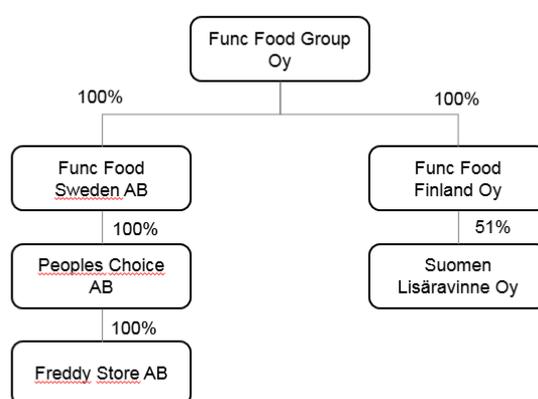
5.7 Shareholders' Agreements

In 2014, the shareholders of the Company entered into a shareholder's agreement regarding their ownership of shares in the Company. The shareholder's agreements contains customary tag-along and drag-along provisions. The agreement also includes provision relating to inter alia future financing of the Company and election of board members.

To the Company's knowledge, there are no other agreement or similar arrangements which affects the control which shareholders exercise or may exercise in the future.

5.8 Overview of Group Structure

The Company is the parent company of the Group, which as per the date of this Prospectus consists of the entities set out below. The Guarantor, Func Food Finland Oy, Finnish reg. no. 1010666-9, is a subsidiary of the Company.



5.9 Recent Events

During 2015, Func Food Finland's own equity turned negative. This development was driven by lower sales than expected, and write-offs of ingredients and packaging materials, circumstances connected to the re-launch of the FAST brand, which commenced in the beginning of 2016. Customers were driving down their inventory of old products, especially in Q4 of 2015, and Func Food Finland disposed of obsolete materials. The board of directors of Func Food Finland has initiated a process in order to restore Func Food Finland's own equity. Such process is contemplated to entail an own equity investment. The plan is intended to be carried out without delay and the board of directors believes that the completion of the equity injection, together with a positive development of the company's profit, will further secure that Func Food Finland's own equity will remain positive in the long run.

Except for the above-mentioned, there has been no recent event particular to the Group which is to a material extent relevant to the evaluation of the Issuer's solvency.

5.10 Significant Change and Trend Information

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

5.11 Legal and Arbitration Proceedings

Func Food Finland has a pending appeal proceeding with the Finnish Customs regarding a tax reassessment, pursuant to which Func Food Finland is obligated to pay excise duty and additional tax in the aggregate amount of EUR 686,922 for the years 2011-2012 and 2012-2013. Save for this dispute, neither the Issuer nor the Group is, or has been over the past twelve months, a party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on the Group's financial position or profitability. Nor is the Issuer aware of any such proceedings which are pending or threatening and which could lead to the Issuer or any member of the Group becoming a party to such proceedings.

5.12 Credit rating

No credit rating has been assigned to the Issuer, or its debt securities.

6. Management

The board of directors of the Issuer currently consists of 5 members which have been elected by the general meeting. The board of directors and the senior management can be contacted through the Issuer at its headquarters at Pyyrikintie 25 Y 10, 33230 Tampere. Further information on the members of the board of directors and the senior management is set forth below. Save for Andreas Celik, the board of directors of Func Food Finland consist of the same members as the Issuer's board of directors.

6.1 Board of Directors

Mika Uotila, chairman of the board since 2015 (board member since 2014)

Education:	M.Sc (Economics).
Current engagements:	Managing partner of Finnish private equity company Sentica Partners Oy since 2007. Chairman of the board in Solteq Oy since 2015.
Previous engagements:	Prior to joining Sentica in 2002, Mr. Uotila worked seven years at one of the largest European telecom operators, TeliaSonera, in various positions, e.g., as a Corporate Development Director at Sonera SmartTrust Oy and as a Controller at Sonera Corporation Oy. Mr. Uotila has held several board memberships at Sentica's portfolio companies including chairing the board of Pihlajalinna Oyj during 2009-2015.

Antti Keränen, board member since 2014

Education:	M.Sc (Economics).
Current engagements:	Investment director of Finnish private equity company Sentica Partners Oy since 2008. Board member in Hämeen Laaturemontti Oy since 2014 and Coptersafety Oy since 2015.
Previous engagements:	Prior to Sentica, Mr. Keränen worked over three years as an Associate at investment banking team of Kaupthing Bank's Finnish Branch. Mr. Keränen has held several board memberships at Sentica's portfolio companies including Puילו Oy and Teleforce Oy.

Antti Pirinen, board member since 2015

Education:	High school degree
Current engagements:	Chairman of the board in Suomen Lisäraivinne Oy since 2015 and board member in Hiddme Oy since 2016.
Previous engagements:	Mr. Pirinen has worked as CEO of the Company and Func Food Finland during 2003-2012 and 2015. Between 2001-2003, Mr. Pirinen held the position as sales manager in Func Food Finland. Mr. Pirinen has also worked with sales and marketing in the family company Konstrumed Oy and been a professional body builder.

Esko Lantto, board member since 2014

Education:	M.Sc (Food Sciences)
Current engagements:	Mr. Lantto is a commercial director in Apetit Oyj since 2013.
Previous engagements:	In 2011-2013, Mr. Lantto worked as CEO of Ab Lunden Jalostaja Oy. In 1998-2011, Mr. Lantto held various positions in Saarioinen Oy.

Andreas Celik, board member since 2015

Education:	High school degree, university studies in economics.
Current engagements:	Board member of the Company.
Previous engagements:	CEO of People's Choice during 2008-January 2016.

6.2 Senior Management

The members of the Company's and Func Food Finland's management, their position and other relevant assignments outside the Group are set forth below.

Robin Lybeck, CEO of the Company since 2016

Education:	M.Sc (Economics)
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Current engagements:	Group CEO since January 2016.
Previous engagements:	Country Manager (Finland) for The Coca-Cola Company and member of the Nordics Management Team 2008-2015. Mr. Lybeck has also experience from various sales and marketing management roles within Sinebrychoff Oy (a Carlsberg subsidiary), The Coca-Cola Company and L'Oréal.

Tommi Virtanen, CFO of the Company since 2016

Education:	M.Sc (Economics)
Current engagements:	Group CFO since February 2016
Previous engagements:	Finance Manager for the Nordics for The Coca-Cola Company and Member of the Nordics Management Team between 2010-2015. Before that, Mr. Virtanen held various finance positions within The Coca-Cola Company and academic research positions.

Robert Savikko, CEO of Func Food Finland since 2015

Education:	QBA, university studies in health care.
Current engagements:	CEO of Func Food Finland since August 2015. CEO of Suomen Lisäravinne Oy since 2015.
Previous engagements:	Founder and CEO Nature's Best Finland, Fysioline Healthfood (2000-2007), Director in Wrangle Oy (2007-2008), Managing Director in Isopure Company LLC (European Operations) (2009-2012) and Partner in Suomen Lisäravinne Oy 2012 (ongoing).

Adrian Karlsson, CEO of People's Choice and Freddy Store since 2016

Education:	IHM (Business Management and Strategic Marketing)
Current engagements:	Country CEO since February 2016.
Previous engagements:	Sales manager for People's Choice 2012-2016.

Krister Wihinen, Finance Director of Func Food Finland since 2014

Education:	D.Sc (Industrial Management)
Current engagements:	Finance Director since September 2014
Previous engagements:	Researcher in Tampere University of Technology 2008-2014. Postdoctoral since 2012 (Thesis: <i>Exploring Cost System Design Principles: The Analysis of Cost System Sophistication in a Pricing Context</i>)

Jani Uusi-Ristaniemi, Marketing Director of Func Food Finland since 2015

Education:	High School degree
Current engagements:	Marketing Director since September 2015
Previous engagements:	Development Director of Func Food Finland in 2014-August 2015, founder of Spaypack Finland Oy, board member of Vesitekno Oy, founder and board member of Vesitekno Tukku Oy and founder of CocoVi Import Oy.

Kari Laitinen, Sales Director of Func Food Finland since 2015

Education:	Vocational Qualification in Business and Administration (Foreign trade)
Current engagements:	Sales Director since July 2015
Previous engagements:	Development Manager and Category Manager at ABC Markets Oy.

6.3 Conflicts of Interest Within Administrative, Management and Control Bodies

Robert Savikko is the CEO of both Func Food Finland and Suomen Lisäraivinne Oy. He is also a shareholder of Suomen Lisäraivinne Oy, of which Func Food Finland owns 51 per cent. In 2015, Func Food Finland acquired 51 per cent. of the shares in Suomen Lisäraivinne Oy. Pursuant to the agreement that was entered into in connection with the acquisition, Func Food Finland has a right to acquire the remaining 49 per cent. of the shares in Suomen Lisäraivinne Oy in early 2017 or later. The situation where Robert Savikko is in a management position in both the buying and selling organization might represent a conflict of interest.

Mika Uotila is a partner at Sentica Partners, being a major shareholder in the Company, although the Company does not consider this giving rise to any conflict of interest.

Joy Group Oy, which holds 10,06 per cent. of the shares in the Company, is a multi-business holding company. Accordingly, it cannot be guaranteed that there may be a risk for conflicts of interest between Joy Group Oy's interest in the Company and its interest in other portfolio companies.

6.4 Interest of Natural and Legal Persons Involved in the Issue

The Sole Bookrunner and/or its affiliates have engaged in, and may in future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Sole Bookrunner and/or its affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

7. Historical Financial Information

7.1 Historical financial information

The Group's consolidated financial statements for the financial year ended 31 December 2015 and the figures for the financial year ended 31 December 2014 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

The Group's consolidated financial statements for the financial year ended 31 December 2015 has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU. The Group's consolidated financial statements for the financial year ended 31 December 2014 has been prepared in accordance to the Finnish Accounting Standards ("**FAS**").

Other than the auditing of the Group's consolidated financial statements for the financial year ended 31 December 2015 and the Group's consolidated financial statements for the financial year ended 31 December 2014, and Func Food Finland's audited annual reports for the financial years ended 31 December 2015 and 31 December 2014, the Group's auditor has not audited or reviewed any part of this Prospectus.

The Group's consolidated financial statements for the financial year ended 31 December 2015 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- (a) consolidated income statement, page 4;
- (b) consolidated balance sheet, page 5;
- (c) consolidated cash flow statement, page 7;
- (d) consolidated statement of changes in equity, page 6; and
- (e) the audit report, pages 47-48 .

The Group's consolidated financial statements for the financial year ended 31 December 2014 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- (a) consolidated income statement, page 3;
- (b) consolidated balance sheet, page 4; and
- (c) the audit report, appendix 1.

Func Food Finland's audited annual report for the financial year ended 31 December 2015 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- (a) income statement, page 3;

- (b) balance sheet, page 4-5;
- (c) cash flow statement, page 6; and
- (d) the audit report, appendix 1.

Func Food Finland's audited annual report for the financial year ended 31 December 2014 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- (a) income statement, page 3;
- (b) balance sheet, paged 4-5;
- (c) cash flow statement, page 5;
- (d) the audit report, appendix 1

7.2 Auditing of the annual historical financial information

The Company's consolidated financial statements as at present and for the years 2014 to 2015 and the Guarantor's annual audited reports for the years 2014 to 2015 have been audited, as applicable, by Ernst & Young Oy, Alvar Aallon katu 5C, 00100 Helsinki, Finland. Ernst & Young Oy has been the Company's auditor since 2014 and Func Food Finland's auditor since 2013, and was re-elected for an additional year on the latest annual general meeting. Miikka Juha-Hermannin Hietala is the auditor who is responsible for the Company. Miikka Juha-Hermannin Hietala is an authorized auditor and is a member of the professional body auditor register of the Finnish Patent and Registration Office, the professional institute for the accountancy sector in Finland.

The auditing of the consolidated financial statements was conducted in accordance with international standards on auditing and the audit reports were submitted without comment.

7.3 Qualifications and remarks

In Func Food Finland's audit report for the financial year ended 31 December 2015, the auditor made the following disclaimer:

"We note that the equity of the company has turned to negative amounting to 2.384.833,44 EUR during the financial year. The Board of Directors has not made the notification on loss of share capital in accordance with Companies Act Chapter 20 Section 23. We have not modified our opinion in this respect".

The remaining audit reports were submitted without comments.

7.4 Age of the most recent financial information

The most recent financial information has been taken from the consolidated financial statements for the financial year ended 31 December 2015, which was published on 13 May 2016 on the Issuer's website, <http://www.funcfood.com/?lang=en>.

8. Other Information

8.1 Assurance Regarding the Prospectus

The Issuer is responsible for the content of the Prospectus and has taken all reasonable precautions to ensure that, as far as the Company is aware, the information in the Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the board of directors of the Company is also responsible for the content of the Prospectus. The board of directors has taken all reasonable care to ensure that the information in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

8.2 Clearing and Settlement

As of the date of this Prospectus, Bonds have been issued in an amount of EUR 38,000,000 and the Issuer may, subject to certain conditions set out in the Terms and Conditions, issue additional Bonds in a maximum aggregate amount of EUR 12,000,000 (together with the initial bonds, EUR 50,000,000). Each Bond has a nominal amount of EUR 100,000. The ISIN for the Bonds is SE0007186150.

The Bonds have been issued in accordance with Swedish law. The Bonds are connected to the account-based system of Euroclear Sweden AB. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.

8.3 The Guarantor

Information with respect to the Guarantor, Func Food Finland Oy, is set out below. The Guarantor may be contacted through the address of the Company.

Func Food Finland Oy is a limited liability company incorporated in Finland since 13 September 1995. It is registered with the Finnish Patent and Registration Office, reg. no. 1010666-9. Its registered address is PL 381 33101 Tampere, Finland. In accordance with the articles of association of the Guarantor, adopted on 30 January 2014, the Guarantor's primary field of operations is the import, wholesale trade, retail sale and purchase and intra-community sales and export of sports nutrients, food, health food, textiles, sports literature and sports equipment as well as sports coaching consulting. The foregoing operations can also be practised in the form of franchising. The Guarantor can further engage in the publishing of sports and other magazines as well as online magazines. In addition, the Guarantor can engage in producing management consulting services, financial administration services and consulting services. The Guarantor can also own real properties and shares as well as grant guarantees, financing and security.

8.4 Material contracts

Other than as described under the section entitled "*Description of Material Agreements*" herein, the Group has not entered into any material contracts not in the ordinary course of its business and which may affect the Group's ability to fulfil its obligations under the Bonds.

8.5 Documents Incorporated by Reference

This Prospectus is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at <http://www.funcfood.com/?lang=en>:

- (a) the Group's consolidated financial statements for the financial year ended 31 December 2015 and for the financial year ended 31 December 2014; and
- (b) the audit report for the financial year ended 31 December 2015 and for the financial year ended 31 December 2014.

8.6 Documents available for inspection

The following documents are available at the Company's headquarters at Pyyrikintie 25 Y 10, 33230 Tampere, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus.

- (a) the Company's and the Guarantor's articles of association;
- (b) the Company's and the Guarantor's certificate of registration;
- (c) the Group's consolidated financial statements and audit report for the financial year ended 31 December 2015 and for the financial year ended 31 December 2014;
- (d) Func Food Finland's audited financial statements and audit report for the financial year ended 31 December 2015 and for the financial year ended 31 December 2014;
- (e) this Prospectus;
- (f) the Trustee Agreement; and
- (g) the Guarantee and Adherence Agreement.

The following documents are also available in electronic form on the Company's website <http://www.funcfood.com/?lang=en>:

- (a) the Group's consolidated financial statements and audit report for the financial year ended 31 December 2015 and for the financial year ended 31 December 2014; and
- (b) this Prospectus.

8.7 Listing Costs

The aggregate cost for the Bonds' admission to trading is estimated not to exceed EUR 40,000.



Terms and Conditions

Func Food Group Oy

EUR 38,000,000

Senior Secured Callable Floating Rate Bonds 2015/2019

ISIN: SE0007186150

25 June 2015

Other than the registration of the Bonds under Swedish law, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Bonds in any jurisdiction where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.

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1. Definitions and Construction

1.1 Definitions

In these terms and conditions (the "**Terms and Conditions**"):

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

"**Accounting Principles**" means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC as applied by the Issuer in preparing its annual financial statements.

"**Acquisition**" means the transaction where the Issuer through a wholly owned Swedish Subsidiary (BidCo), acquires 100 per cent. of the shares in the Target Company from the Sellers.

"**Acquisition Agreements**" means the two agreements that BidCo has entered into with the Sellers respectively regarding the Acquisition.

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

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

"**Affiliate**" means any Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Bank Accounts**" means a SEK and a EUR bank account of the Issuer, both held with Nordea Bank Finland Plc, into which the Net Proceeds will be transferred and which have been pledged in favour of the Trustee and the Bondholders (represented by the Trustee) under the Bank Accounts Pledge Agreement.

"**Bank Accounts Pledge Agreement**" means the pledge agreement entered into between the Issuer and the Trustee on or about the First Issue Date in respect of a first priority pledge over the Bank Accounts and all funds held on the Bank Accounts from time to time, granted in favour of the Trustee and the Bondholders (represented by the Trustee).

"**BidCo**" means Func Food Sweden AB, a limited liability company incorporated under the laws of Sweden with corporate identity number 559014-3797, being a wholly-owned Subsidiary of the Issuer.

"**Bondholder**" means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Bond.

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

"**Bonds**" means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

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

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

"**Change of Control Event**" means the occurrence of an event or series of events whereby one or more persons, not being Sentica (or an Affiliate of Sentica), acting together and acquiring control over the Issuer or the Target Company and where "**control**" means (a) acquiring or controlling, directly or indirectly, more than 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 directors of the board of directors of the Issuer.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

"**Completion Date**" means the date of completion of the Acquisition.

"**Compliance Certificate**" means a certificate, in form and substance satisfactory to the Trustee, signed by the Issuer certifying that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it. If the Compliance Certificate is provided in connection with an Incurrence Test, the certificate shall include calculations and figures in respect of the ratio of Net Interest Bearing Debt to EBITDA and Interest Coverage Ratio.

"**Customs Loan**" means the loan made available to Func Food Finland by Antti Pirinen in relation to the ongoing litigation with the Finnish Customs.

"**Deferred Purchase Price**" means the deferred purchase price amounting to a maximum aggregate amount of SEK 32,500,000 to be paid under the Acquisition Agreements if and when the EBITDA of the Target Group for any twelve months period, starting at the earliest on 1 January 2015, is at least SEK 70,000,000.

"**EBITDA**" means, in respect of the Reference Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any extraordinary items which are not in line with the ordinary course of business;
- (d) before taking into account any Transaction Costs and any other transaction costs relating to any acquisition of any additional target company;
- (e) not including any accrued interest owing to any member of the Group;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (i) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and
- (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group.

"**Equity Contribution**" means the approximately EUR 13,750,000 amount to be provided by the Equity Investors to the Issuer in form of equity, to partially finance the Acquisition and costs relating thereto, which shall be transferred to the Bank Accounts (save for the investment in an amount of EUR 6,000,000 to be made by AC International Holding AB) and shall be released prior to any disbursement of Net Proceeds.

"**Equity Investors**" means Sentica Buyout IV Ky, Sentica Buyout Co-Investment Ky, Joy Group Oy and AC International Holding AB, which together will fund the Equity Contribution.

"**Equity Listing Event**" means an initial public offering of shares in the Issuer, after which such shares shall be admitted to trading on a Regulated Market.

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

"**EURIBOR**" means:

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

"Event of Default" means an event or circumstance specified in Clause 15 (*Events of Default and Acceleration of the Bonds*) (other than Clause 15.10 (*Acceleration of the Bonds*)).

"Final Maturity Date" means 26 June 2019, being the date falling four (4) years after the First Issue Date.

"Finance Charges" means, for the Reference Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any member of the Group according to the latest Financial Report(s) (calculated on a consolidated basis) other than Transaction Costs, capitalised interest in respect of any loan owing to any member of the Group or any Shareholder Loan and taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.

"Finance Documents" means:

- (a) the Terms and Conditions;
- (b) the Subordination Agreement;
- (c) the Trustee Agreement;
- (d) the Security Documents;
- (e) the Guarantee and Adherence Agreement; and
- (f) any other document designated to be a Finance Document by the Issuer and the Trustee.

"Financial Indebtedness" means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is treated as a finance lease in accordance with the Accounting Principles applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)-(f).

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

"Financial Report" means the Group's annual audited financial statements or quarterly interim unaudited reports, which shall be prepared and made available in accordance with Clause 12.1 (*Information from the Issuer*).

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

"First Issue Date" means 26 June 2015.

"Floating Rate Margin" means nine (9) per cent.

"Force Majeure Event" has the meaning given to it in Clause 26 (*Force Majeure and Limitation of Liability*).

"Func Food Finland" means Func Food Finland Oy, a limited liability company incorporated under the laws of Finland with corporate identity number 1010666-9, being a wholly-owned Subsidiary of the Issuer.

"German Government Note Rate" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Ge. Bund or Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two (2) Business Days (but not more than five (5) Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available

source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the relevant Redemption Date to (but excluding) the First Call Date, provided, however that if the period from the relevant Redemption Date to (but excluding) the First Call Date is not equal to the constant maturity of the direct obligations of the Federal Republic of Germany for which a weekly average yield is given, the German Government Bond Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such Redemption Date to (but excluding) the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"Group" means the Issuer and all Subsidiaries from time to time.

"Group Company" means the Issuer or any of the Subsidiaries.

"Guarantee and Adherence Agreement" means the guarantee and adherence agreement pursuant to which the Guarantors shall (a) guarantee all amounts outstanding under the Finance Documents, including but not limited to the Bonds, plus accrued interests and expenses, (b) agree to subordinate all subrogation claims, and (c) undertake to adhere to the terms of the Finance Documents, including with respect to Restricted Payments.

"Guarantors" means the Issuer and Func Food Finland.

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

"Insolvent" means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

"Intercompany Loans" means (i) the intragroup loan made available by the Issuer to Func Food Finland in an amount of no less than EUR 3,800,000, and (ii) the approximately EUR 33,000,000 intragroup loan made available by the Issuer to BidCo.

"Interest" means the interest on the Bonds calculated in accordance with paragraphs (a) – (c) of Clause 9 (*Interest*).

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

"Interest Payment Date" means 26 March, 26 June, 26 September and 26 December, of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 26 September 2015 and the last Interest Payment Date shall be the relevant Redemption Date.

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

"Interest Rate" means EURIBOR (3 months) plus the Floating Rate Margin *per annum*.

"Issue Date" means the First Issue Date and any subsequent date when a subsequent Bond Issue takes place.

"Issuer" means Func Food Group Oy, a limited liability company incorporated under the laws of Finland with corporate identity number 2592369-6.

"Issuing Agent" means Pareto Securities AB, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"Make Whole Amount" means a price equivalent to the sum of:

- (a) the Outstanding Nominal Amount;
- (b) all remaining scheduled Interest Payments (assuming that the Interest Rate for the period from the relevant redemption date to the First Call Date will be equal to the interpolated EUR mid-swap rate for the remaining term from the redemption date until the First Call Date plus the Floating Rate Margin) on the Bonds to, but not including, the First Call Date; and
- (c) accrued (but unpaid) interest on the redeemed amount,

where (b) above shall be discounted (for the time period starting from the date the relevant Bonds are redeemed to the First Call Date) using a discount rate equal to the German Government Note Rate with a maturity as close as possible to the First Call Date plus 0.50 per cent.

"Market Loan" means any loan or other indebtedness where an entity issues commercial paper, certificates, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on Nasdaq Stockholm or any other regulated or unregulated recognised market place.

"Material Adverse Effect" means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer's ability to perform and comply with the undertakings set out in Clause 13 (*General Undertakings*), or (c) the validity or enforceability of the Terms and Conditions.

"Material Group Company" means the Issuer or a Subsidiary representing more than 10.00 per cent. of the total assets or EBITDA of the Group on a consolidated basis according to the latest Financial Report.

"Nasdaq Stockholm" means the Regulated Market operated by Nasdaq OMX Stockholm AB, a limited liability company incorporated under the laws of Sweden with corporate identity number 556420-8394.

"Net Finance Charges" means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to any member of the Group and any interest income relating to cash or cash equivalent investment (and excluding any interest capitalised on Shareholder Loans).

"Net Interest Bearing Debt" means the aggregate interest bearing debt less cash and cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time (for the avoidance of doubt, excluding guarantees, bank guarantees, Shareholder Loans, any claims subordinated pursuant to a subordination agreement in form and substance satisfactory to the Trustee and interest bearing debt borrowed from any Group Company), provided that the Bonds shall always be calculated at the total Outstanding Nominal Amount.

"Net Proceeds" means the proceeds from the Bond Issue after deduction has been made for the Transaction Costs payable by the Issuer to the Sole Bookrunner (if the Sole Bookrunner has requested that its fees and costs shall be deducted) and the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds.

"Nominal Amount" has the meaning set forth in Clause 2(c).

"Outstanding Nominal Amount" means the Nominal Amount less any repayments and amortisations made.

"Permitted Debt" any Financial Indebtedness:

- (a) incurred under the Bonds (excluding Subsequent Bonds);
- (b) of the Group incurred pursuant to any financial leasing arrangements incurred in the ordinary course of the Group's business in a maximum amount of EUR 550,000;
- (c) taken up from a Group Company;
- (d) of the Group under any guarantee issued by a Group Company in the ordinary course of business;
- (e) arising under a foreign exchange transaction or commodity derivatives for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (f) arising under any interest rate hedging transactions in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (g) related to any Shareholder Loans;

- (h) related to the Vendor Loan;
- (i) incurred under Advance Purchase Agreements, including the Customs Loan;
- (j) incurred as a result of any Group Company acquiring another entity, save for the Target Company, and which is due to that such acquired entity holds indebtedness, provided that the Incurrence Test is met, tested pro forma including the acquired entity in question and provided that the acquired debt is refinanced by the Issuer, by way of Subsequent Bonds or otherwise, within six (6) months following the date of acquisition;
- (k) incurred by the Issuer if such Financial Indebtedness meets the Incurrence Test tested pro forma including such incurrence, and (i) is incurred as a result of a Subsequent Bond Issue by the Issuer under the Terms and Conditions, or (ii) ranks pari passu or is subordinated to the obligations of the Issuer under the Finance Documents, and has a final maturity date or a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date;
- (l) pension liabilities of the Group;
- (m) until the Completion Date, any Refinancing Debt;
- (n) any Financial Indebtedness that is owed by the Group, in an outstanding amount not exceeding EUR 400,000 at any time; and
- (o) arising under any additional purchase price amount payable pursuant to the terms of the Acquisition Agreements in an aggregate amount not exceeding the Pre Founded Earn-Out Amount.

"Permitted Security" means any security:

- (a) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, excluding guarantees or security in respect of any monies borrowed or raised);
- (b) provided in relation to any lease agreement entered into by a Group Company;
- (c) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (d) any guarantee or security provided by or over a Group Company to secure any Financial Indebtedness referred to under paragraphs (a), (e), (f) (j) and (m) under the definition of Permitted Debt; and
- (e) provided for any guarantees issued by a Group Company in the ordinary course of business.

"People's Choice" means Peoples Choice AB, a limited liability company incorporated under the laws of Sweden with corporate identity number 556705-5784, being a wholly-owned Subsidiary of the Target Company.

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

"Pre-Funded Earn-Out Amount" means the SEK 70,000,000 amount being prefunded with Net Proceeds to finance the payment of the potential future earn-out under the Acquisition Agreements, which may be paid out in accordance with Clause 4.2 (*Conditions Precedent for Disbursement of the Pre-Funded Earn-Out Amount*).

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

"Record Date" means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 16 (*Distribution of Proceeds*), (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

"Redemption Date" means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 10 (*Redemption and Repurchase of the Bonds*).

"Reference Period" means each period of 12 consecutive calendar months.

"Refinancing Debt" means existing loans provided by Nordea Bank Finland Plc to the Issuer and Func Food Finland as well as a credit facility of Func Food Finland by Nordea Bank Finland Plc, in an aggregate amount of approximately EUR 8,100,000.

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

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

- (a) a first ranking pledge over all the shares in Func Food Finland;
- (b) a first ranking pledge over all the shares in BidCo;
- (c) a first ranking pledge over the intragroup loan made available by the Issuer to Func Food Finland in an amount of no less than EUR 3,800,000;
- (d) a first ranking pledge over the approximately EUR 33,000,000 intragroup loan made available by the Issuer to BidCo;
- (e) a first priority business mortgage over the assets in the Issuer in the aggregate principal amount of EUR 10,000,000 with best priority;

- (f) a first priority business mortgage over the assets in Func Food Finland in the aggregate principal amount of EUR 6,500,000 with best priority; and
- (g) a first ranking pledge over the Bank Accounts,

in each case as specified in the relevant Security Document.

"Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by the Issuer or a Guarantor) of the Issuer and each other Group Company to the Secured Parties under each of the Finance Documents, together with all costs, charges and expenses incurred by any Secured Party in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents, or any other document evidencing or securing any such liabilities.

"Secured Parties" means the Bondholders and the Trustee (including in its capacity as Trustee under the Trustee Agreement).

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

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

"Sellers" means AC International Holding AB, a limited liability company incorporated under the laws of Sweden with corporate identity number 556972-2332, and Magmax AB, a limited liability company incorporated under the laws of Sweden with corporate identity number 559013-1099.

"Sentica" means Sentica Buyout IV Ky and/or Sentica Buyout Co-Investment Ky, acting separately or jointly.

"Shareholder Loans" means any shareholder loan of the Issuer or any of its Subsidiaries, where the Issuer or the relevant Subsidiary is the debtor, if such shareholder loan (a) according to its terms and pursuant to a subordination agreement on terms and conditions satisfactory to the Trustee, is subordinated to the obligations of the Issuer under the Terms and Conditions, (b) according to its terms has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date, and (c) according to its terms yield only payment-in-kind interest, other than interest that is permitted to be payable under Clause 13.2 (*Distributions*).

"Sole Bookrunner" means Pareto Securities Oy.

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

"Subordination Agreement" means the subordination agreement entered into on or about the First Issue Date between, among others, the Trustee, the Equity Investors and/or any Sellers(s) regarding any Shareholder Loans or the Vendor Loan.

"Subsidiary" means an entity from time to time of which a person:

- (a) has direct or indirect control; or
- (b) owns directly or indirectly more than fifty (50) per cent. of the share capital or other right of ownership.

"SEK" means the lawful currency of Sweden.

"Target Company" means ACMF Holding AB, a limited liability company incorporated under the laws of Sweden with corporate identity number 556879-1544, which following the completion of the Acquisition will become a wholly-owned Subsidiary of BidCo.

"Target Group" means the Target Company and its Subsidiaries from time to time.

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

"Transaction Costs" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with (i) the Bond Issue, (ii) the listing of the Bonds, and (iii) the Acquisition.

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

"Trustee" means Nordic Trustee & Agency AB (publ), company identity number 556882-1879, or another party replacing it, as Trustee, in accordance with these Terms and Conditions.

"Trustee Agreement" means the fee agreement entered into between the Trustee and the Issuer on or about the First Issue Date regarding, *inter alia*, the remuneration payable to the Trustee.

"Vendor Loan" means the vendor loan, in the amount of EUR 1,500,000 made available by Magmax AB to the Issuer or BidCo, if such loan (a) according to its terms and pursuant to a subordination agreement on terms and conditions satisfactory to the Trustee, is subordinated to the obligations of the Issuer under the Terms and Conditions, (b) according to its terms has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date, and (c) according to its terms yield only payment-in-kind interest, other than interest that is permitted to be payable under Clause 13.2 (*Distributions*).

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

1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
 - (i) "assets" includes present and future properties, revenues and rights of every description;
 - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (iii) a "regulation" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (iv) an Event of Default is continuing if it has not been remedied or waived;
 - (v) a provision of law is a reference to that provision as amended or re-enacted; and
 - (vi) a time of day is a reference to Stockholm time.
- (b) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- (c) No delay or omission of the Trustee or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. Status of the Bonds

- (a) The Bonds are denominated in EUR and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The Nominal Amount of each Initial Bond is EUR 100,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- (d) The minimum permissible investment upon issuance of the Bonds (including with respect to any Subsequent Bonds) is EUR 100,000.
- (e) Provided that the Incurrence Test is met, the Issuer may, at one or several occasions, issue Subsequent Bonds. Subsequent Bonds shall benefit from and be

subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the interest rate, the nominal amount and the final maturity applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at a discount or at a premium compared to the Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed EUR 50,000,000 unless a consent from the Bondholders is obtained in accordance with Clause 17(e)(i). Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 9(a), and otherwise have the same rights as the Initial Bonds.

- (f) The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.
- (g) Except as set out in Clause 5 (*Transfer Restrictions*) below, 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. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (h) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

3. Use of Proceeds

The Issuer shall use the Net Proceeds, after deduction for any costs and expenses incurred by the Issuer in connection with the issue of the Bonds, for the purpose of:

- (a) financing the Acquisition, including the Pre-Funded Earn-Out Amount;
- (b) refinancing Refinancing Debt;
- (c) paying Transaction Costs; and
- (d) financing general corporate purposes of the Group.

4. Conditions Precedent

4.1 Conditions Precedent for Disbursement

- (a) The payment of the Net Proceeds into the Bank Accounts is subject to the Trustee having received (i) duly executed Terms and Conditions, and (ii) a duly executed copy of the Bank Accounts Pledge Agreement, including evidence of perfection of the Security over the Bank Accounts.

- (b) The Issuer shall provide, or procure the provision of, to the Trustee, in form and substance satisfactory to the Trustee (acting reasonably) the following:
- (i) evidence that the Acquisition Agreements have been duly executed and completed;
 - (ii) evidence that the Equity Contribution, excluding any reinvested amount by any Seller(s), has been transferred to the Bank Accounts;
 - (iii) evidence that the amount provided under the Equity Contribution, together with the Net Proceeds, suffice to fully finance the Acquisition (including the Pre-Funded Earn-Out Amount);
 - (iv) evidence that all conditions for completion of the Acquisition (other than the payment of the purchase price) as set out in the Acquisition Agreements have been satisfied, including any competition approvals;
 - (v) evidence that the Finance Documents have been duly executed;
 - (vi) evidence that the Transaction Security has been duly provided and perfected;
 - (vii) evidence that the Pre-Funded Earn-Out Amount will remain deposited on the Bank Account until release in accordance with Clause 4.2 (*Conditions Precedent for Disbursement of the Pre-Funded Earn-Out Amount*) below; and
 - (viii) a Swedish and a Finnish law legal opinion on the validity and enforceability of the Finance Documents issued by a reputable law firm.
- (c) When the conditions precedent for disbursement set out in paragraph (b) above have been fulfilled to the satisfaction of the Trustee (acting reasonably), the Trustee shall instruct the bank (with which the Issuer holds the Bank Accounts) to transfer the funds, with exception for the Pre-Funded Earn-Out Amount, from the Bank Accounts, to be used in accordance with Clause 3 (*Use of Proceeds*). Any residual funds of the Net Proceeds on the Bank Accounts, with exception for the Pre-Funded Earn-Out Amount, shall be transferred by the Trustee to the bank account specified by the Issuer.
- (d) If the conditions precedent for disbursement set out in paragraph (b) above have not been fulfilled to the satisfaction of the Trustee (acting reasonably) or waived by the Trustee within twenty (20) Business Days from the First Issue Date, the Issuer shall repurchase all Bonds at a price equal to 100 per cent. of the Nominal Amount together with any accrued Interest. Any funds distributed by the Trustee to the Bondholders in accordance with the Bank Accounts Pledge Agreement shall be deemed to be paid by the Issuer for the redemption under this paragraph (d). The repurchase date shall fall no later than thirty (30) Business Days after the ending of the twenty (20) Business Days period referred to above.

4.2 Conditions Precedent for Disbursement of the Pre-Funded Earn-Out Amount

- (a) The Trustee shall instruct the bank (with which the Issuer holds the Bank Accounts) to transfer the Pre-Funded Earn-Out Amount or part thereof from the Bank Accounts, to be used in accordance with Clause 3 (*Use of Proceeds*), in accordance with the following:
 - (i) the Additional Purchase Price for the calendar year ending on 31 December 2015 to be released from the Bank Accounts and paid to the Sellers upon receipt of a statement from the Issuer confirming the EBITDA of the Target Group for the relevant period and the amount of earn-out to be paid in accordance with the Acquisition Agreements, supported with a copy of the Target Group's financial statements for the same period; and
 - (ii) the Additional Purchase Price for the calendar year ending on 31 December 2016 to be released from the Bank Accounts and paid to the Sellers upon receipt of a statement from the Issuer confirming the EBITDA of the Target Group for the relevant period and the amount of earn-out to be paid in accordance with the Acquisition Agreements, supported with a copy of the Target Group's financial statements for the same period (the "**Additional Purchase Price 2016**").
- (b) For the purpose of this Clause 4.2 the "Additional Purchase Price" for the years ending 31 December 2015 respectively 31 December 2016 shall be calculated on a linear basis with reference to the Target Group's EBITDA for the relevant calendar year. No Additional Purchase Price will become payable if the Target Group's EBITDA during any of the financial years equals SEK 70,000,000 or less and the full Additional Purchase Price (being a maximum aggregate amount of SEK 70,000,000) will become payable if the Target Group's EBITDA equals SEK 110,000,000 during any of the financial years, in each case calculated in accordance with the Acquisition Agreements.
- (c) The maximum aggregate amount payable for the calendar years 2015 and 2016 is SEK 70,000,000. The Additional Purchase Price can be paid out during any of the calendar years depending on the Target Group's EBITDA, in each case calculated in accordance with the terms of the Acquisition Agreements. Any part of the Pre-Funded Earn-Out Amount relating to the calendar year ending on 31 December 2015 which does not become payable in accordance with the terms of the Acquisition Agreements, may be carried forward and become payable together with the Additional Purchase Price 2016 in accordance with the terms of the Acquisition Agreements.
- (d) Any amounts standing to the credit of the Bank Accounts after 15 June 2017 shall be applied towards mandatory amortisation in accordance with Clause 10.2.2 (*Mandatory amortisation of the Pre-Funded Earn-Out Amount*).

5. Transfer Restrictions

- (a) The Bonds have not been registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and the Issuer is under no obligation to arrange for registration of the Bonds under the U.S. Securities Act or under any other law or regulation.
- (b) The Bonds are not offered to and may not be subscribed by investors located in the United States except for "Qualified Institutional Buyers" ("**QIB**") within the meaning of Rule 144A under the U.S. Securities Act.
- (c) Bondholders located in the United States are not permitted to transfer Bonds except (a) subject to an effective registration statement under the U.S. Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the U.S. Securities Act, (d) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), (e) pursuant to any other available exemption from registration under the U.S. Securities Act, subject to the receipt by the Issuer of an opinion of counsel or such other evidence that the Issuer may reasonably require confirming that such sale or transfer is in compliance with the U.S. Securities Act and (f) to the Issuer.
- (d) The Issuer makes no representation as to the availability of an exemption from registration provided by Rule 144 of the U.S. Securities Act.

6. Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- (c) The Issuer (and the Trustee when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Trustee, the Issuer shall promptly obtain such information and provide it to the Trustee.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.

- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Trustee, as notified by the Trustee, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Trustee or unless consent thereto is given by the Bondholders.

7. Right to Act on Behalf of a Bondholder

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Trustee shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 7(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

8. Payments in Respect of the Bonds

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle

has been removed. Interest shall accrue in accordance with Clause 9(d) during such postponement.

- (d) If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

9. Interest

- (a) Each Initial Bond carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (d) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Trustee or the CSD, in which case the Interest Rate shall apply instead.

10. Redemption and Repurchase of the Bonds

10.1 Redemption at maturity

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

10.2 Amortisation

10.2.1 Mandatory amortisation

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

Date	Amount
The date falling 15 months after the Issue Date	EUR 1,000,000
The date falling 27 months after the Issue Date	EUR 2,500,000
The date falling 39 months after the Issue Date	EUR 4,500,000

- (b) Any repayment under this Clause 10.2.1 shall be made as partial prepayments of all outstanding Bonds (at par) by way of reducing the Outstanding Nominal Amount of each Bond *pro rata* (rounded down to the nearest EUR 1.00).
- (c) The remaining outstanding amount under the Bonds shall be redeemed on the Final Redemption Date.

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

- (a) Any funds standing to the credit of the Bank Accounts and which consequently have not been distributed in accordance with Clause 4.2 (*Conditions Precedent for Disbursement of the Pre-Funded Earn-Out Amount*) on or before 15 June 2017, shall on the first Business Day after 15 June 2017 be applied by the Trustee (on behalf of the Issuer) against prompt repayment of all outstanding Bonds by way of reducing the Outstanding Nominal Amount of each Bond *pro rata* with the repaid amount.
- (b) Any repayment under paragraph (a) above shall be made as partial prepayments of all outstanding Bonds with a premium of 1 per cent. on the repaid amount (i.e. at 101 per cent.) by way of reducing the Outstanding Nominal Amount of each Bond *pro rata* with the repaid amount (excluding, for the avoidance of doubt, the premium) (rounded down to the nearest EUR 1.00).
- (c) If the Bonds shall be repaid in accordance with paragraphs (a) and (b) above, the Issuer shall immediately issue an irrevocable repayment instruction to Euroclear and immediately provide the Trustee with a copy of the repayment instruction. The Trustee shall, following the receipt of the irrevocable payment instruction, transfer funds from the Bank Accounts, in accordance with paragraphs (a) and (b) above, to the Issuer's account with Euroclear for immediate prepayment of the Bonds in accordance with paragraphs (a) and (b) above.

10.3 Issuer's purchase of Bonds

The Issuer may, subject to applicable law, at any time purchase Bonds provided that such purchase is made through a public offer. Bonds held by the Issuer may at the Issuer's discretion be retained, sold or cancelled.

10.4 Voluntary total redemption (call option)

- (a) The Issuer may redeem all, but not some only, of the outstanding Bonds in full from and including:

- (i) the First Issue Date to, but not including, the First Call Date at a price equivalent to the Make Whole Amount;
 - (ii) the First Call Date to, but not including, the date falling 30 months after the First Issue Date at a price equivalent to 104.70 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest;
 - (iii) the date falling 30 months after the Issue Date to, but not including, the date falling 36 months after the First Issue Date at a price equivalent to 103.29 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest;
 - (iv) the date falling 36 months after the Issue Date to, but not including, the date falling 42 months after the First Issue Date at a price equivalent to 101.88 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest; and
 - (v) the date falling 42 months after the Issue Date to, but not including, the Final Redemption Date at a price equivalent to 100.47 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest.
- (b) Redemption in accordance with paragraph (a) above shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Trustee. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

10.5 Voluntary Partial Prepayment upon an Equity Listing Event

- (a) The Issuer may on one (1) occasion, in connection with an Equity Listing Event, repay up to 35 per cent. of the Total Nominal Amount, in which case all outstanding Bonds shall be partially repaid by way of reducing the Outstanding Nominal Amount of each Bond *pro rata*, provided that such repayment is made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of the Equity Listing Event (net of fees, charges and commissions actually incurred in connection with such Equity Listing Event and net of taxes paid or payable as a result of such Equity Listing Event). The repayment must, in accordance with paragraph (c) below, be made on an Interest Payment Date within one hundred eighty (180) days after the Equity Listing Event.
- (b) Partial prepayment in accordance with paragraph (a) above shall be equal to the repaid percentage of the Outstanding Nominal Amount (rounded down to the nearest EUR 1.00) plus;
 - (i) if made before the First Call Date, at the price set out in paragraph (ii) of Clause 10.4(a); and

- (ii) if made at any time after the First Call Date, at the relevant price set out in Clause 10.4(a) for the relevant period,

in each case together with accrued but unpaid interest on the repaid amount.

- (c) Repayment in accordance with this Clause 10.5 shall be made to each Bondholder on an Interest Payment Date occurring within one hundred eighty (180) days following the Equity Listing Event (giving not less than fifteen (15) Business Days' notice prior to the relevant repayment date to the Bondholders and the Trustee).
- (d) Partial repayment in accordance with this Clause 10.5 may only be made at one (1) occasion.

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

- (a) Upon a Change of Control Event occurring, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Outstanding Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) Business Days following a notice from the Issuer of the Change of Control Event pursuant to Clause 12.1(e) (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.
- (b) The notice from the Issuer pursuant to Clause 12.1(e) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 12.1(e). The repurchase date must fall within twenty (20) Business Days after the end of the period referred to in paragraph (a) above.
- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 10.6, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 10.6 by virtue of the conflict.
- (d) Any Bonds repurchased by the Issuer pursuant to this Clause 10.6 may at the Issuer's discretion be retained, sold or cancelled.

11. Transaction Security

- (a) As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants on the First Issue Date the Transaction Security to the Secured Parties as represented by the Trustee.

- (b) The Trustee shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Security Documents. The Issuer shall enter into the Security Documents and perfect the Transaction Security in accordance with the Security Documents on or before the First Issue Date.
- (c) Unless and until the Trustee has received instructions from the Bondholders in accordance with Clause 17 (*Decisions by Bondholders*), the Trustee shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Trustee's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security, creating further Security for the benefit of the Secured Parties or for the purpose of settling the Bondholders' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents.

12. Information to Bondholders

12.1 Information from the Issuer

- (a) The Issuer will make the following information available to the Bondholders by way of publication on the website of the Issuer:
 - (i) not later than four (4) months after the end of each financial year, the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors; and
 - (ii) not later than two (2) months after the end of each quarter of its financial year, the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors.
- (b) The reports referred to under Clause 12.1(a)(i)-(ii) shall be prepared in accordance with the Accounting Principles and when the Bonds have been listed shall, in addition, be made available in accordance with the rules and regulations of Nasdaq Stockholm (as amended from time to time) and the Swedish Securities Market Act (*värdepappersmarknadslag (2007:528)*).
- (c) The Issuer shall issue a Compliance Certificate to the Trustee:
 - (i) in connection with the making of any Restricted Payment, incurrence of Financial Indebtedness or making of a disposal (requiring that the Incurrence Test is met); and
 - (ii) within twenty (20) days following a request from the Trustee.

- (d) When the financial statements and other information are made available to the Bondholders pursuant to Clause 12.1(a), the Issuer shall send copies of such financial statements and other information to the Trustee.
- (e) The Issuer shall promptly notify the Trustee when the Issuer is or becomes aware of (i) the occurrence of a Change of Control Event, or (ii) that an Event of Default has occurred, and shall provide the Trustee with such further information as the Trustee may request (acting reasonably) following receipt of such notice.
- (f) The Issuer is only obliged to inform the Trustee according to this Clause 12.1 if informing the Trustee would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with Nasdaq Stockholm. If such a conflict would exist pursuant to the listing contract with Nasdaq Stockholm or otherwise, the Issuer shall however be obliged to either seek approval from Nasdaq Stockholm or undertake other reasonable measures, including entering into a non-disclosure agreement with the Trustee, in order to be able to timely inform the Trustee according to this Clause 12.1.

12.2 Information from the Trustee

The Trustee is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds however subject to any non-disclosure agreement or other arrangements entered into pursuant to clause 12.1(f). Notwithstanding the foregoing, the Trustee may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

12.3 Publication of Finance Documents

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Trustee.
- (b) The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Trustee during normal business hours.

13. General Undertakings

13.1 General

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will) comply with the undertakings set out in this Clause 13 for as long as any Bonds remain outstanding.

13.2 Distributions

- (a) The Issuer shall not, and shall procure that none of its Subsidiaries will:

- (i) pay any dividend on its shares to the Issuer's direct or indirect shareholders;
- (ii) in case of the Issuer only, repurchase or redeem any of its own shares;
- (iii) redeem or reduce its share capital or other restricted equity with repayment to shareholders;
- (iv) make any payments or prepayments of principal or interest under any Shareholder Loans;
- (v) make any payments or prepayments of principal or interest under the Vendor Loan;
- (vi) grant any loans, except to Group Companies; or
- (vii) make any other similar distributions or transfers of value to the direct or indirect shareholders of the Issuer or the Subsidiaries, or any or the Affiliates of such direct and indirect shareholders.

Items (i)-(vii) above are together and individually referred to as a "**Restricted Payment**".

- (b) Notwithstanding paragraph (a) above, a Restricted Payment may be made:
 - (i) under the Customs Loan;
 - (ii) following an Equity Listing Event by the Issuer if:
 - (A) the Incurrence Test is fulfilled (calculated on a pro forma basis including the relevant Restricted Payment); and
 - (B) the aggregate amount of all Restricted Payments of the Group does not exceed 25% of the Group's net profit for the previous financial year.

13.3 Acquisition Agreements

The Issuer may (directly or indirectly through BidCo) only pay (i) the Deferred Purchase Price to the Sellers upon written confirmation to the Trustee from the Issuer that the EBITDA of the Target Group for the last twelve (12) months is at least SEK 70,000,000 and (ii) the Pre-Funded Earn-Out Amount if and when the Issuer complies with the requirements set forth in Clause 4.2 (*Conditions Precedent for Disbursement of the Pre-Funded Earn-Out Amount*).

13.4 Listing of Bonds

The Issuer shall ensure that the Bonds are listed at the corporate bond list on Nasdaq Stockholm no later than one (1) year after the First Issue Date and shall take all measures required to ensure that the Bonds, once listed on Nasdaq Stockholm, continue being listed on Nasdaq Stockholm for as long as any Bond is outstanding (however, taking

into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

13.5 Nature of Business

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the First Issue Date if such substantial change would have a Material Adverse Effect.

13.6 Celsius License Agreement

The Issuer shall not, and shall procure that no other Group Company, transfer, dispose, terminate, or violate the terms of the Celsius license agreement, or otherwise act in a manner which could give the licensor under the Celsius license agreement a right to terminate the agreement.

13.7 Holding company

The Issuer shall not trade, carry on any business, own any assets or incur any liabilities other than:

- (a) the provision of management services to other Group Companies of a type customarily provided by a holding company to its Subsidiaries (including retaining employees for such purpose);
- (b) ownership of shares in Func Food Finland and BidCo;
- (c) as permitted or required by the Finance Documents provided, however, that the Issuer may not be party to any cash pool arrangements; and
- (d) incurring liability to pay tax.

13.8 Merger

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

13.9 Financial Indebtedness

The Issuer shall not, and shall procure that none of its Subsidiaries will, incur any additional Financial Indebtedness, provided however that the Issuer and the

Subsidiaries have a right to incur Financial Indebtedness that constitute Permitted Debt, if such Permitted Debt is incurred on market terms (or better).

13.10 Disposal of Assets

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

- (a) disposals made by a Group Company to another Group Company;
- (b) disposals made in the ordinary course of business of the disposing entity;
- (c) disposals of obsolete and redundant assets;
- (d) disposals of account receivable by way of factoring or invoice discounting;
- (e) other than (a) – (d) above, any disposals provided that the Incurrence Test, calculated pro forma with such disposal, is being met; and
- (f) in addition to (a) – (e) above, any disposals, provided that the Group applies the net proceeds from such disposals in reinvestment in the same line of the business within twelve (12) months from the disposal, and if no such reinvestment takes place within such reinvestment period, the net proceeds from such disposal shall be applied in partial repayment on the outstanding Bonds by way of reducing the Outstanding Nominal Amount of each Bond pro rata within two (2) months following the end of the reinvestment period,

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

13.11 Negative Pledge

- (a) The Issuer shall not, and shall procure that none of its Subsidiaries, provide, prolong or renew any security over any of its/their assets (present or future) to secure any loan or other indebtedness.
- (b) Notwithstanding paragraph (a) above, a Group Company shall have the right to provide, prolong and renew any Permitted Security, but only retain any existing security in relation to indebtedness held by an entity acquired by a Group Company.

13.12 Dealings with Related Parties

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

13.13 Undertakings relating to the Trustee Agreement

- (a) The Issuer shall, in accordance with the Trustee Agreement:
 - (i) pay fees to the Trustee;
 - (ii) indemnify the Trustee for costs, losses and liabilities;
 - (iii) furnish to the Trustee all information requested by or otherwise required to be delivered to the Trustee; and
 - (iv) not act in a way which would give the Trustee a legal or contractual right to terminate the Trustee Agreement.
- (b) The Issuer and the Trustee shall not agree to amend any provisions of the Trustee Agreement without the prior consent of the Bondholders if the amendment would be detrimental to the interests of the Bondholders.

14. Incurrence Test

14.1 Incurrence Test

- (a) In these Terms and Conditions, the Incurrence Test is met if:
 - (i) the ratio of Net Interest Bearing Debt to EBITDA is not greater than 2.00; and
 - (ii) the Interest Coverage Ratio is greater than 3:00; and
 - (iii) and no Event of Default is continuing or would occur upon the incurrence.
- (b) The Incurrence Test shall be tested in accordance with Clause 14.2 (*Financial Testing*) and be calculated in accordance with the calculation principles set out in Clause 14.3 (*Calculation Adjustments*).

14.2 Financial Testing

- (a) The calculation of the ratio of Net Interest Bearing Debt to EBITDA shall be made as per a testing date determined by the Issuer, falling no more than one month prior to the incurrence of the new Financial Indebtedness, or making of a Restricted Payment, as applicable. The Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the new Financial Indebtedness provided it is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce the Net Interest Bearing Debt).
- (b) When the Interest Coverage Ratio is measured under the Incurrence Test, as applicable, the calculation of the Interest Coverage Ratio shall be made for the Reference Period ending on the last day of the period covered by the most recent Financial Report.

14.3 Calculation Adjustments

- (a) The figures for EBITDA, Finance Charges and Net Finance Charges for the Reference Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Incurrence Test, but adjusted so that:
- (i) entities acquired or disposed of by the Group during the Reference Period, or after the end of the Reference Period but before the relevant testing date, shall be included or excluded (as applicable), pro forma, for the entire Reference Period; and
 - (ii) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, pro forma, for the entire Reference Period.
- (b) The figures for Net Interest Bearing Debt set out in the Financial Report as of the most recent quarter date (including when necessary, financial statements published before the First Issue Date), shall be used, but adjusted so that Net Interest Bearing Debt for such period shall be:
- (i) reduced by an amount equal to the Net Interest Bearing Debt directly attributable to any Financial Indebtedness of the Issuer or of any other Group Company repaid, repurchased or otherwise discharged with respect to the Issuer and the continuing Group Companies with the proceeds from disposals of entities referred to in paragraph (a)(i) above (or, if the Financial Indebtedness is owed by a Group Company that is sold, the Net Interest Bearing Debt for such period directly attributable to the Financial Indebtedness of such Group Company to the extent the Issuer and the continuing Group Companies are no longer liable for such Financial Indebtedness after such sale);
 - (ii) increased on a pro forma basis by an amount equal to the Net Interest Bearing Debt directly attributable to (i) any Financial Indebtedness owed by acquired entities referred to in paragraph (a)(i) above, and (ii) any Financial Indebtedness incurred to finance the acquisition of such entities, in each case calculated as if all such debt had been incurred at the beginning of the relevant test period; and
 - (iii) increased on a pro forma basis by an amount equal to the Net Interest Bearing Debt directly attributable to any Financial Indebtedness incurred under any Subsequent Bonds, calculated as if such debt had been incurred at the beginning of the relevant Reference Period.

15. Events of Default and Acceleration of the Bonds

Each of the events or circumstances set out in this Clause 15 (other than Clause 15.10 (*Acceleration of the Bonds*)) is an Event of Default.

15.1 Non-Payment

The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is caused by administrative or technical error and payment is made within five (5) Business Days of the due date.

15.2 Other Obligations

The Issuer does not comply with the Finance Documents, in any other way than as set out under (a) above, provided that the Trustee has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within fifteen (15) Business Days from such request (if the failure or violation is not capable of being remedied, the Trustee may declare the Bonds payable without such prior written request).

15.3 Cross-Acceleration

Any Financial Indebtedness of a Material Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Clause 15.3 if the aggregate amount of Financial Indebtedness that has fallen due is less than EUR 550,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company.

15.4 Insolvency

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

15.5 Insolvency Proceedings

Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within sixty (60) days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to Subsidiaries, solvent liquidations) in relation to:

- (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company; and
- (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material

Group Company or any of its assets or any analogous procedure or step is taken in any jurisdiction.

15.6 Mergers and Demergers

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

15.7 Creditors' Process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding EUR 550,000 and is not discharged within sixty (60) days.

15.8 Impossibility or Illegality

It is or becomes impossible or unlawful for the Issuer to fulfill or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable.

15.9 Continuation of the Business

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

15.10 Acceleration of the Bonds

- (a) Upon the occurrence of an Event of Default which is continuing, the Trustee is entitled to, and shall following an instruction given pursuant to Clause 15.10(d), on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not only some, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Trustee determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) The Trustee may not accelerate the Bonds in accordance with Clause 15.10(a) by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders' Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Trustee shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Trustee received actual knowledge of that an Event of Default has occurred and is continuing. The Trustee shall, within twenty (20) Business Days of the date on which the Trustee received actual knowledge of that an Event of Default has occurred and is continuing, decide if

the Bonds shall be so accelerated. If the Trustee decides not to accelerate the Bonds, the Trustee shall promptly seek instructions from the Bondholders in accordance with Clause 17 (*Decisions by Bondholders*). The Trustee shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.

- (d) If the Bondholders instruct the Trustee to accelerate the Bonds, the Trustee shall promptly declare the Bonds due and payable and take such actions as, in the opinion of the Trustee, may be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) In the event of an acceleration of the Bonds in accordance with this Clause 15.10, the Issuer shall redeem all Bonds at an amount equal to the redemption amount specified in Clause 10 (*Redemption and Repurchase of the Bonds*), as applicable considering when the acceleration occurs, provided that for the non-call period (until the First Call Date) the Bonds shall be redeemed at the price set out in Clause 10.4(a)(ii) (*Voluntary total redemption (call option)*) (plus accrued and unpaid interest).

16. Distribution of Proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 15 (*Events of Default and Acceleration of the Bonds*) and any proceeds received from an enforcement of the Transaction Security shall be distributed in the following order of priority, in accordance with the instructions of the Trustee:
 - (i) *first*, in or towards payment of the Trustee under the Trustee Agreement, including all costs and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights under the Finance Documents;
 - (ii) *secondly*, towards payment of accrued Interest unpaid under the Bonds;
 - (iii) *thirdly*, in or towards payment of principal under the Bonds; and
 - (iv) *fourthly*, in or towards payment of any other costs or outstanding amounts unpaid under the Bonds.

Any excess funds after the application of proceeds in accordance with paragraphs (i)-(iv) above shall be paid to the Issuer.

- (b) Funds that the Trustee receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security

constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties in accordance with the Swedish Escrow Funds Act (*lag (1944:181) om redovisningsmedel*). The Trustee shall arrange for payments of such funds in accordance with this Clause 16 as soon as reasonably practicable.

17. Decisions by Bondholders

- (a) A request by the Trustee for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Trustee) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Trustee and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Trustee and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Trustee. The person requesting the decision may suggest the form for decision making, but if it is in the Trustee's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Trustee may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Trustee that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 7 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
 - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
 - (ii) on the Business Day specified in the communication pursuant to Clause 19(c), in respect of a Written Procedure,

may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds ($66 \frac{2}{3}$) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19(c):

- (i) waive a breach of, or amendment of, any undertaking set out in Clause 13 (*General Undertakings*);
 - (ii) release the security provided under the Security Documents (other than releases expressly permitted pursuant to these Terms and Conditions);
 - (iii) reduce the principal amount, interest rate or interest amount which shall be paid by the Issuer;
 - (iv) amend any payment day for principal or interest amount or waive any breach of a payment undertaking,
 - (v) amend the provisions regarding the majority requirements under the Terms and Conditions, or
 - (vi) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 17 (*Decisions by Bondholders*).
- (f) Any matter not covered by Clause 17(e) shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19(c).
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (ii) if in respect of a Written Procedure, reply to the request.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Trustee or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 18(a)) or initiate a second Written Procedure (in accordance with Clause 19(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in paragraph (g) above shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Trustee, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Trustee, under the Finance Documents shall be subject to the Issuer's or the Trustee's consent, as appropriate.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.

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

18. Bondholders' Meeting

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

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

19. Written Procedure

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

20. Amendments and Waivers

- (a) The Issuer and the Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
 - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 17 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- (c) The Trustee shall promptly notify the Bondholders of any amendments or waivers made in accordance with paragraph (a) above, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 12.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Trustee, as the case may be.

21. Appointment and Replacement of the Trustee

21.1 Appointment of the Trustee

- (a) By subscribing for Bonds, each initial Bondholder appoints the Trustee to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Trustee to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security; and
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Trustee to act on its behalf, as set forth in paragraph (a) above.

- (c) Each Bondholder shall immediately upon request provide the Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Trustee), that the Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Trustee is under no obligation to represent a Bondholder which does not comply with such request.
- (d) The Issuer shall promptly upon request provide the Trustee with any documents and other assistance (in form and substance satisfactory to the Trustee), that the Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (e) The Trustee is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Trustee Agreement and the Trustee's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) The Trustee may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

21.2 Duties of the Trustee

- (a) The Trustee shall represent the Bondholders in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security pursuant to the Security Documents on behalf of the Bondholders and, where relevant, enforcing the Transaction Security on behalf of the Bondholders.
- (b) When acting in accordance with the Finance Documents, the Trustee is always acting with binding effect on behalf of the Bondholders. The Trustee shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Trustee shall monitor the compliance by the Issuer with its obligations under these Terms and Conditions on the basis of information made available to it pursuant to the Finance Documents or received from a Bondholder. The Trustee is not obligated to assess the Issuer's financial situation other than as expressly set out in these Terms and Conditions.
- (d) The Trustee is entitled to take any step it in its sole discretion considers necessary or advisable to protect the rights of the Bondholders pursuant to these Terms and Conditions.
- (e) The Trustee is entitled to delegate its duties to other professional parties, provided that such professional parties are selected with due care.
- (f) The Trustee shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.

- (g) The Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Trustee pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Trustee reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Trustee from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 16 (*Distribution of Proceeds*).
- (h) Notwithstanding any other provision of the Finance Documents to the contrary, the Trustee is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (i) If in the Trustee's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Trustee) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Trustee may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- (j) The Trustee shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Trustee under the Finance Documents or the Trustee Agreement or (ii) if it refrains from acting for any reason described in paragraph (i) above.

21.3 Limited liability for the Trustee

- (a) The Trustee will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Trustee shall never be responsible for indirect loss.
- (b) The Trustee shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Trustee or if the Trustee has acted with reasonable care in a situation when the Trustee considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Trustee shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Trustee to the Bondholders, provided that the Trustee has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Trustee for that purpose.

- (d) The Trustee shall have no liability to the Bondholders for damage caused by the Trustee acting in accordance with instructions of the Bondholders given in accordance with Clause 17 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 15.10 (*Acceleration of the Bonds*).
- (e) Any liability towards the Issuer which is incurred by the Trustee in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

21.4 Replacement of the Trustee

- (a) Subject to paragraph (f) below, the Trustee may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Trustee at a Bondholders' Meeting convened by the retiring Trustee or by way of Written Procedure initiated by the retiring Trustee.
- (b) Subject to paragraph (f) below, if the Trustee is Insolvent, the Trustee shall be deemed to resign as Trustee and the Issuer shall within ten (10) Business Days appoint a successor Trustee which shall be an independent financial institution or other reputable company which regularly acts as trustee under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Trustee and appointing a new Trustee. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Trustee be dismissed and a new Trustee appointed.
- (d) If the Bondholders have not appointed a successor Trustee within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Trustee was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Trustee which shall be an independent financial institution or other reputable company which regularly acts as trustee under debt issuances.
- (e) The retiring Trustee shall, at its own cost, make available to the successor Trustee such documents and records and provide such assistance as the successor Trustee may reasonably request for the purposes of performing its functions as Trustee under the Finance Documents.
- (f) The Trustee's resignation or dismissal shall only take effect upon the appointment of a successor Trustee and acceptance by such successor Trustee of such appointment and the execution of all necessary documentation to effectively substitute the retiring Trustee.

- (g) Upon the appointment of a successor, the retiring Trustee shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Trustee. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Trustee.
- (h) In the event that there is a change of the Trustee in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Trustee may reasonably require for the purpose of vesting in such new Trustee the rights, powers and obligation of the Trustee and releasing the retiring Trustee from its further obligations under the Finance Documents and the Trustee Agreement. Unless the Issuer and the new Trustee agrees otherwise, the new Trustee shall be entitled to the same fees and the same indemnities as the retiring Trustee.

22. Appointment and Replacement of the Issuing Agent

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

23. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer or the Guarantor or with respect to the Transaction Security to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation or bankruptcy (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Paragraph (a) above shall not apply if the Trustee has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 21.1(c)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Trustee under the Finance Documents or the Trustee Agreement or by any reason

described in Clause 21.2(i), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2(j) before a Bondholder may take any action referred to in paragraph (a) above.

- (c) The provisions of paragraph (a) above shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due by the Issuer to some but not all Bondholders.

24. Prescription

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

25. Notices and Press Releases

25.1 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
 - (i) if to the Trustee, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch;
 - (ii) if to the Issuer, shall be given at the address registered with the Finnish Trade Register on the following address:

Sentica Partners Oy
Pohjoisesplanadi 31
Att: Antti Keränen
00100 Helsinki
Finland
 - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders. A Notice to the Bondholders shall also be published on the websites of the Issuer and the Trustee.

- (b) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Paragraph (a) above or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Paragraph (a) above.
- (c) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.
- (d) If an Event of Default is continuing, any notice or other communication made by the Trustee to the Issuer under or in connection with the Finance Documents may, provided that the Trustee deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch (unless a delivery failure message was received by the Trustee), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Trustee to the Issuer in accordance with this paragraph (c) shall be sent to the CFO or the CEO of the Issuer, to the email addresses most recently notified by the Issuer to the Trustee.

25.2 Press releases

- (a) Any notice that the Issuer or the Trustee shall send to the Bondholders pursuant to Clauses 10.4 (*Voluntary total redemption (call option)*), 10.5 (*Voluntary Partial Prepayment upon an Equity Listing Event*), 10.6 (*Mandatory repurchase due to a Change of Control Event (put option)*), 15.8 (*Impossibility or Illegality*), 12.1(c), 15.10(c), 17(o), 18(a), 19(a) and 20(c) shall also be published by way of press release by the Issuer or the Trustee, as applicable.
- (b) In addition to Paragraph (a) above, if any information relating to the Bonds or the Group contained in a notice the Trustee may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Trustee shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Trustee considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Trustee shall be entitled to issue such press release.

26. Force Majeure and Limitation of Liability

- (a) Neither the Issuer, the Trustee nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Trustee or the Issuing Agent

(but not, for the avoidance of doubt, the Issuer) itself takes such measures, or is subject to such measures.

- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Issuer (to the extent applicable in accordance with paragraph (a) above), the Trustee or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

27. Governing Law and Jurisdiction

- (a) These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- (b) The Issuer submits to the non-exclusive jurisdiction of the District Court of Stockholm (*Stockholms tingsrätt*).

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

Place:

Date:

FUNC FOOD GROUP OY

as Issuer

Name:

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

Place:

Date:

NORDIC TRUSTEE & AGENCY AB (publ)

as Trustee

Name:

Addresses

Issuer

Func Food Group Oyj

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Nordic Trustee & Agency AB (publ)

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Sweden

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Sweden

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