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Stockholm, 26 June 2024

To the Bondholders in:

ISIN: SE0022240974 – Storskogen Group AB (publ) Maximum SEK 2,000,000,000 Senior Unsecured Callable Floating Rate Bonds 2024/2027

NOTICE OF WRITTEN PROCEDURE – REQUEST TO WAIVE CERTAIN PROVISIONS OF THE TERMS AND CONDITIONS

This voting request for procedure in writing has been sent on 26 June 2024 to holders directly registered as of 25 June 2024 in the debt register (Sw. *skuldbok*) kept by the CSD. If you are an authorised nominee under the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) or if you otherwise are holding bonds on behalf of someone else on a Securities Account, please forward this notice to the holder you represent as soon as possible. For further information, please see below under Section 8.3 (*Voting rights and authorisation*).

<u>Key information</u>

Record Date for being eligible to vote:	3 July 2024
Deadline for voting:	15:00 CEST on 15 July 2024
Quorum requirement:	At least twenty (20) per cent. of the Adjusted Nominal Amount
Majority requirement:	At least sixty-six and two-thirds (66 2/3) per cent. of the Adjusted Nominal Amount for which Bondholders reply in this Written Procedure

Nordic Trustee & Agency AB (publ) acts as agent (the "**Agent**") for the holders of the bonds (the "**Bondholders**") in the above mentioned bond issue SE0022240974 with an aggregated amount outstanding of SEK 1,250,000,000 (the "**Bonds**") issued by Storskogen Group AB (publ) (the "**Issuer**", and together with each of its Subsidiaries from time to time, the "**Group**"). In its capacity as Agent, and as requested by the Issuer, the Agent hereby initiates a procedure in writing (the "**Written Procedure**") as required by the Terms and Conditions (as defined below), whereby Bondholders can vote for or against the requests presented herein.

All capitalised terms used herein and not otherwise defined in this notice (the "**Notice**") shall have the meanings assigned to them in the terms and conditions of the Bonds as amended and/or restated from time to time (the "**Terms and Conditions**").

The Request (as defined below) is presented to the Bondholders, without any evaluation, advice or recommendations from the Agent whatsoever. The Agent has not reviewed or assessed this Notice or the Request (and their effects, should they be adopted) from a legal or commercial perspective of the

Bondholders and the Agent expressly disclaims any liability whatsoever related to the content of this Notice and the Request (and their effects, should they be adopted). The Bondholders are recommended to seek legal advice in order to independently evaluate whether the Request (and its effects) is acceptable or not.

Bondholders participate by completing and sending to the Agent the voting form, attached hereto as Schedule 1 (the "**Voting Form**"), and, if the Bonds are held in custody other than by the CSD, the power of attorney/authorisation, attached hereto as Schedule 2 (the "**Power of Attorney**") or to the Agent other sufficient evidence. Please contact the securities firm you hold your Bonds through if you do not know how your Bonds are registered or if you need authorisation or other assistance to participate in the Written Procedure. The Issuer kindly asks the Bondholders to send their Voting Forms and, if applicable, any Power of Attorney by email to the Agent as soon as possible upon receipt of this Notice after the occurrence of the Record Date (as defined below).

The Agent must receive the Voting Form and, if applicable, any Power of Attorney no later than 15:00 CEST on 15 July 2024 either by mail, courier or email to the Agent using the contact details set out in Section 8.7 (*Address for sending replies*) below. Votes received thereafter may be disregarded.

To be eligible to participate in the Written Procedure, a person must meet the criteria for being a Bondholder or an authorised nominee on 3 July 2024 (the "**Record Date**") as further set out in Section 8.3 (*Voting rights and authorisation*). This means that the person must be registered on a Securities Account with the CSD, as a direct registered owner (Sw. *direktregistrerad ägare*) or authorised nominee (Sw. *förvaltare*) with respect to one or several Bonds.

1. Background

On 25 June 2024, the Issuer announced by way of press release that it has entered into an agreement with M Industrial Invest AB (the "**Buyer**") to divest a number of current Group Companies comprising nine business units, which have not performed in line with the Issuer's expectations in terms of the Group's financial targets and strategy (the "**Divested Companies**"). This will be done through a divestment of a majority stake in a newly established company ("**NewCo**") to which the Divested Companies will be transferred prior to the divestment (the "**Divestment**"). The Issuer will, in addition to its retained minority interest in the form of a preference share, have influence over NewCo through certain veto rights and board representation. As of 31 March 2024, the Divested Companies have on an LTM basis contributed to the Group's adjusted EBITDA in an amount of SEK -7 million and to the Group's adjusted EBITA in an amount of SEK -98 million. The Divestment is expected to have a slight positive impact on the Group's operational cash flow and indebtedness and a notable positive impact on the Group's profitability as well as, more importantly, enable the Group to focus on its remaining portfolio in accordance with the Group's strategy. Excluding the Divested Companies *pro forma*, the Group's adjusted EBITA margin as of 31 March 2024 would on an LTM basis have been 9.4 per cent., compared to the reported 8.7 per cent.

The Divestment is subject to customary conditions as well as subject to the Bondholders approval of the Proposed Waivers (as defined below) and the approval from the holders of the Issuer's outstanding senior unsecured callable floating rate bonds with ISIN SE0017084650 and SE0020358026 (the "**Other Bonds**") of the corresponding waivers pursuant to the concurrent written procedures in respect of the Other Bonds announced by the Issuer simultaneously with this Written Procedure. As part of the terms for the Divestment and in order to enable the Divestment, the Issuer will convert existing intra group loans currently outstanding to, and existing cash in bank (Sw. *kassa*) in, the Divested Companies to a SEK 200 million loan ("**Loan 1**") as well as an approximately SEK 40 million loan to NewCo ("**Loan 2**" and together with Loan 1 the "**Loans**"), both of which will remain outstanding after the completion of the Divestment. The Loans will have a tenor of ten years (unless repaid earlier at the discretion of NewCo or pursuant to the agreement for the Divestment, as described below) and accrue interest at an interest rate of 3m STIBOR plus 4.25 per cent. *per annum*. The interest will be capitalised annually or paid at NewCo's discretion, but the interest under Loan 2 will be payable quarterly starting from the first quarter in 2026. Loan 1 will be non-amortizing and Loan 2 will be non-amortizing during 2024 and 2025 and thereafter be amortized quarterly. The Loans will be subordinated to any other financings of NewCo, but will be secured by security over the shares in the Divested Companies that will be directly owned by NewCo.

Pursuant to the terms for the Divestment, any future profits distributed from the Divested Companies to NewCo and any sales proceeds from a future divestment of Divested Companies to third parties shall (i) *firstly* be applied towards prepayment of the Loans together with any capitalized interest and accrued but not yet capitalized or paid interest on a *pro rata* basis with any loans provided to NewCo from the Buyer and (ii) *secondly* be distributed to the Issuer and the Buyer. Such distribution shall be divided between the Issuer and the Buyer as follows: seventy (70) per cent. to the Issuer and thirty (30) per cent. to the Buyer for distributions up to SEK 700 million, forty (40) per cent. to the Issuer and sixty (60) per cent. to the Buyer for distributions between SEK 700 million and SEK 1,000 million and thirty (30) per cent. to the Issuer and seventy (70) per cent. to the Buyer for distributions over SEK 1,000 million. Thus, both the Issuer and the Buyer have incentives to generate profits in the Divested Companies and distribute such profits to NewCo as well as to work towards developing the Divested Companies to render them attractive to third party purchasers.

Since NewCo and the Divested Companies will cease to be Group Companies following the completion of the Divestment, the Loans would not be permitted pursuant to Clause 14.5 (*Loans out*) of the Terms and Conditions (the "**Loans Out Restriction**"). The Issuer also wish for flexibility to, in connection with the closing of the Divestment, increase the loan amount under Loan 2 depending on NewCo's and/or any of the Divested Companies' liquidity needs (such increased amount to be included in the definition of Loan 2 and the Loans, as applicable). The Issuer therefore requests a waiver from the Loans Out Restriction from the Bondholders at a total amount of SEK 300 million plus any capitalized interest and any accrued but not yet capitalised or paid interest under the Loans in order for the Loans to be permitted following the Divestment (the "**Loans Out Waiver**").

Approving the Loans Out Waiver enables the Issuer to carry out the Divestment. The Issuer deems that the Divestment is beneficial to the Issuer and its stakeholders (including the Bondholders and the holders of the Other Bonds). The Issuer therefore assesses that it would be in the Bondholders' best interest to approve the Loans Out Waiver in order to enable the Divestment.

As further announced in the abovementioned press release, as a consequence of the Divestment the Group's goodwill will be written-down with an amount of approximately SEK 600 million and the Group's tangible and intangible assets will be written-down with an aggregate amount of approximately SEK 320 million (together the "**Write-downs**"). The Write-downs will impact the Group's net profit for the second quarter of 2024, but will not affect the Group's cash flow. Consequently, the Write-downs will have a negative effect on the Group's net profit for the financial year 2024. This may in turn affect the Issuer's ability to pay dividends to its shareholders in respect of the financial year 2024 due to the restriction on making or paying dividends on the Issuer's shares pursuant to Clause 14.1(a) of the Terms and Conditions (the "**Dividends Restriction**"). As the negative impact of the Write-downs will affect the Group's consolidated net profit, the permitted maximum amount of dividends will decrease due to the fifty (50) per cent. cap pursuant to item (ii) of Clause 14.1(C) of the Terms and Conditions (the "**Dividend Cap**"). The Write-downs are solely a direct result of the Divestment, do not affect the Group's cash flow or ability to make payments under the Bonds and are therefore not detrimental to the Bondholders. In order to ensure that the Issuer can meet expectations in respect of dividends, the Issuer requests that the Bondholders provide their consent to exclude the negative impact that the Write-downs will have on the Issuer's net profit for the financial year 2024 from the application of the Dividend Cap in the Terms and Conditions. Notwithstanding the Dividend Cap, the Issuer's Board of Directors has adopted a dividend policy of dividends corresponding to 0–20 per cent. of the Group's net profit for the previous financial year.

For further information on the Divestment and the Write-downs, please refer to the Issuer's press release on 25 June 2024.

In view of the above, in order to enable the Divestment and retain flexibility for the Issuer to pay dividends to its shareholders, the waivers of the Terms and Conditions as described under Section 2 (*Proposed waivers of the Terms and Conditions*) in this Notice (the "**Proposed Waivers**") will be required.

2. Proposed Waivers of the Terms and Conditions

The Issuer asks the Bondholders to consent to waive prospectively, the occurrence of any breach and/or Event of Default in respect of:

- the Loans Out Restriction in the Terms and Conditions, to the extent such breach and/or Event of Default occurs as a result of the Issuer providing and maintaining the Loans following the completion of the Divestment up until the Bonds have been redeemed in full (provided that the aggregate outstanding principal amount under the Loans does not at any time exceed SEK 300 million plus any capitalised interest and accrued but not yet capitalized or paid interest); and

- the Dividends Restriction, to the extent such breach and/or Event of Default occurs as a result of the Issuer paying dividends to its shareholders in respect of the financial year 2024 in an aggregate amount exceeding the Dividend Cap, provided that the Dividend Cap would not have been exceeded if the Write-downs had not occurred.

3. Request

The Bondholders are asked to confirm that the Bondholders agree to the Proposed Waivers set out in Section 2 (*Proposed Waivers to the Terms and Conditions*) (the "**Request**").

4. Effective date

The Request shall be deemed approved immediately upon expiry of the voting period and satisfaction of the requisite quorum participation and majority vote as set forth in Sections 8.5 (*Quorum*) and 8.6 (*Majority*) or if earlier, when a requisite majority of consents of the Adjusted Nominal Amount have been received by the Agent, whereby the Proposed Waivers will come into effect (the "**Effective Date**").

5. Consent Fee

If the Request is approved by the Bondholders, a consent fee amounting to 0.125 per cent. of the Nominal Amount for each Bond, corresponding to an aggregate amount of SEK 1,562,500 (the "**Consent Fee**") will be paid to the Bondholders (regardless if such Bondholder has participated in the Written Procedure or voted for or against the Request). The Consent Fee shall be paid to the Bondholders on a *pro rata* basis and must be paid within twenty (20) Business Days after the Effective Date. The payment shall be made through the CSD to such person who is registered as a Bondholder on the date falling five (5) Business Days prior to the applicable payment date and the applicable Record Date for such payment shall be announced by the Issuer in a press release to be issued without undue delay following an approval of the Request.

The Agent does not administer the Consent Fee and is not involved in or in any way responsible for the Consent Fee.

6. Voting indications

The Agent has been informed that the Issuer have been in contact with certain larger Bondholders who have indicated that they will support and vote in favour of the Request.

7. Risk factors

The holding of the Bonds, including following an approval of the waivers contemplated by the Request, entails certain risks and each Bondholder should carefully review the non-exhaustive list of certain risk factors attached hereto as Schedule 3 before voting in this Written Procedure. The Issuer does not represent that the risks are exhaustive.

8. Written Procedure

The following instructions need to be adhered to in the Written Procedure.

8.1 Final date to participate in the Written Procedure

The Agent must have received the votes by mail, courier or email to the address indicated below no later than 15:00 CEST, on 15 July 2024. Votes received thereafter may be disregarded.

8.2 Decision procedure

The Agent will determine if received replies are eligible to participate in the Written Procedure as valid votes.

When a requisite majority of consents of the total Adjusted Nominal Amount have been received by the Agent, the Request shall be deemed to be adopted, even if the time period for replies in the Written Procedure has not yet expired.

Information about the decision taken in the Written Procedure will:

(a) be sent by notice to the Bondholders; and

(b) be published on the websites of the Issuer and the Agent.

A matter decided in the Written Procedure will be binding for all Bondholders, irrespective of them responding in the Written Procedure.

8.3 Voting rights and authorisation

Anyone who wishes to participate in the Written Procedure must on the Record Date (3 July 2024) in the debt register:

(a) be registered as a direct registered owner of a Securities Account; or

(b) be registered as authorised nominee in a Securities Account, with respect to one or several Bonds.

8.4 Bonds registered with a nominee

If you are not registered as a direct registered owner as set forth in Section 8.3(a), but your Bonds are held through a registered authorised nominee or another intermediary as set forth in Section 8.3(b), you may have two different options to influence the voting for the Bonds:

(a) you can ask the authorised nominee or other intermediary that holds the Bonds on your behalf to vote in its own name as instructed by you; or

(b) you can obtain a Power of Attorney (Schedule 2) from the authorised nominee or other intermediary and send in your own Voting Form based on the authorisation. If you hold your Bonds through several intermediaries, you need to obtain authorisation directly from the intermediary that is registered in the debt register as Bondholder of the Securities Account, or from each intermediary in the chain of holders, starting with the intermediary that is registered in the debt register as a Bondholder of the Securities Account as authorised nominee or direct registered owner.

Whether one or both of these options are available to you depends on the agreement between you and the authorised nominee or other intermediary that holds the Bonds on your behalf (and the agreement between the intermediaries, if there are more than one).

The Agent recommends that you contact the securities firm that holds the Bonds on your behalf for assistance, if you wish to participate in the Written Procedure and do not know how your Bonds are registered or need authorisation or other assistance to participate. Bonds owned by the Issuer, another Group Company or an Affiliate do not entitle to any voting rights.

8.5 Quorum

To approve the Request, Bondholders representing at least twenty (20) per cent. of the Adjusted Nominal Amount must reply to the Request in the Written Procedure in order to form a quorum.

If a quorum does not exist, the Agent shall initiate a second Written Procedure, provided that the Request has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure. A vote cast in the Written Procedure shall, unless amended or withdrawn, constitute a vote also in a second Written Procedure (if any) pursuant to Clause 16.4.7 of the Terms and Conditions with respect to the Request.

8.6 Majority

At least sixty-six and two-thirds (66 2/3) per cent. of the Adjusted Nominal Amount for which Bondholders reply in the Written Procedure must consent to the Request in order for it to pass.

8.7 Address for sending replies

Return the Voting Form, Schedule 1, and, if applicable, the Power of Attorney/Authorisation in Schedule 2 or other sufficient evidence, if the Bonds are held in custody other than Euroclear Sweden AB, by regular mail, scanned copy by e-mail, or by courier to:

By regular mail:

Nordic Trustee & Agency AB (publ)
Attn: Written Procedure Storskogen AB (publ) - 2024/2027 Bonds
P.O. Box 7329
SE-103 90 Stockholm

By courier:

Nordic Trustee & Agency AB (publ)
Attn: Written Procedure Storskogen AB (publ) - 2024/2027 Bonds
Norrlandsgatan 23
SE-111 43 Stockholm

By e-mail:

voting.sweden@nordictrustee.com

9. FURTHER INFORMATION

For further questions regarding the Request to Swedbank AB (publ) as solicitation agent, please contact: liabilitymanagement@swedbank.se, +46 8 700 90 22.

For further questions regarding the Request to the Issuer, please contact: Lena Glader, CFO, lena.glader@storskogen.com, +46 (0)73-988 44 66.

For further questions to the Agent regarding the administration of the Written Procedure, please contact the Agent at voting.sweden@nordictrustee.com or +46 8 783 79 00.

Stockholm, 26 June 2024

NORDIC TRUSTEE & AGENCY AB (PUBL)
As Agent

Enclosed:

Schedule 1	Voting Form
Schedule 2	Power of Attorney/Authorisation
Schedule 3	Risk factors

VOTING FORM

Schedule 1

For the Written Procedure in Storskogen Group AB (publ) Maximum SEK 2,000,000,000 Senior Unsecured Callable Floating Rate Bonds 2024/2027.

The undersigned Bondholder or authorised person/entity (the **"Voting Person"**), votes either **For** or **Against** the Request by marking the applicable box below. If a quorum does not exist in the Written Procedure, the Agent shall initiate a second Written Procedure provided that the Request has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure. The undersigned Bondholder hereby confirms that this Voting Form shall, unless amended or withdrawn, constitute a vote also in a second Written Procedure (if any) pursuant to Clause 16.4.7 of the Terms and Conditions with respect to the Request.

***NOTE**: If the Voting Person is not registered as Bondholder, the Voting Person must enclose a Power of Attorney/Authorisation, see Schedule 2.*

Capitalised terms used and not otherwise defined herein shall have the meanings assigned to them in the Notice of Written Procedure dated 26 June 2024.

☐ **For** the Request

☐ **Against** the Request

Name of the Voting Person: ____________________

Capacity of the Voting Person: Bondholder: ☐ [1] authorised person: ☐ [2]

Voting Person's reg.no/id.no
and country of incorporation/domicile: ____________________

Securities Account number at Euroclear Sweden AB:
(*if applicable*) ____________________

Name and Securities Account number of custodian(s):
(*if applicable*) ____________________

Nominal Amount voted for (in SEK): ____________________

Contact person, daytime telephone number and e-mail address: ____________________

____________________ ____________________

Authorised signature and Name [3] Place, date:

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[1] When voting in this capacity, no further evidence is required.

[2] When voting in this capacity, the person/entity voting must also enclose a Power of Attorney/Authorisation (Schedule 2) from the Bondholder or other proof of authorisation showing the number of votes held on the Record Date.

[3] If the undersigned is not a Bondholder and has marked the box "authorised person", the undersigned – by signing this document – confirms that the Bondholder has been instructed to refrain from voting for the number of votes cast with this Voting Form.

POWER OF ATTORNEY/AUTHORISATION

Schedule 2

For the Written Procedure in Storskogen Group AB (publ) Maximum SEK 2,000,000,000 Senior Unsecured Callable Floating Rate Bonds 2024/2027.

NOTE: *This Power of Attorney/Authorisation document shall be filled out if the Voting Person is not registered as Bondholder on the Securities Account, held with Euroclear Sweden AB. It must always be established a coherent chain of power of attorneys derived from the Bondholder, i.e. if the person/entity filling out this Power of Attorney/Authorisation in its capacity as "other intermediary", the person/entity must enclose its Power of Attorney/Authorisation from the Bondholder.*

Capitalised terms used and not otherwise defined herein shall have the meanings assigned to them in the Notice of Written Procedure dated 26 June 2024.

Name of person/entity that is given authorisation (Sw. *befullmäktigad*) to vote as per the Record Date:

____

Nominal Amount (in SEK) the person/entity is authorised to vote for as per the Record Date:

____

Name of Bondholder or other intermediary giving the authorisation (Sw. *fullmaktsgivaren*):

____

We hereby confirm that the person/entity specified above (Sw. *befullmäktigad*) has the right to vote in the Written Procedure (and any second Written Procedure) for the Nominal Amount set out above.

We represent an aggregate Nominal Amount of SEK ______________________

We are:

☐ Registered as Bondholder on the Securities Account

☐ Other intermediary and holds the Bonds through (specify below):

____

Place, date: ________________________

____

Name:

Authorised signature of Bondholder/other intermediary (Sw. *fullmaktsgivaren*)

Risk factors

Schedule 3

Terms not defined herein shall have the same meaning ascribed to them in the Notice (including through its references to the definitions used in the Terms and Conditions).

RISKS SPECIFIC AND MATERIAL TO THE ISSUER AND THE GROUP

Risks relating to Storskogen's business and industry

Storskogen is subject to risks relating to decreased market demand and other macroeconomic factors that are beyond Storskogen's control

The Group has three business areas, Services, Industry and Trade, and operates primarily in Sweden (48% of net sales in 2023), but also in various other countries, such as Norway, Denmark, Switzerland, Germany, Singapore and the United Kingdom. The Group depends on the products produced and the services rendered by the Group Companies being in demand by consumers and industrial purchasers, which in turn depends on factors such as functionality, price, design, and general market demand. The market demand is largely affected by macroeconomic factors outside the Group's control, including the macroeconomic conditions in Sweden, the other Nordic countries, the DACH region, the United Kingdom, Singapore and other countries where the Group operates as well as macroeconomic conditions in countries and regions in which the Group does not have Group Companies.

As the Group operates primarily in Sweden, its success is closely tied to general economic developments in Sweden. Negative developments in, or the general weakness of, the Swedish economy and, in particular, increasing levels of unemployment, may have a direct negative impact on the spending patterns of retail consumers in the country. For example, in relation to the Group's Trade and Services business areas, there is a risk that an economic slowdown in Sweden will lead to a decrease in consumer spending and lower end-customer demand for the Group's products and services. This, in turn, may lead to a decrease in sales in the Group's net sales in Sweden, which currently represents a significant part of the Group's total net sales and, as such, may have a negative effect on the Group's cash flow and liquidity. Therefore, a weak economy or negative economic development, decrease in consumer confidence in Sweden or other adverse macroeconomic changes affecting households or SMEs in Sweden, could have an adverse effect on the Group's business, financial condition and results of operations.

In addition, conditions in the global capital market and the economy in general, such as consumption, business investment, public investment, the volatility and strength of the capital market, inflation or deflation, affect the Group's operations and the performance of each of the Group and the Group Companies. In the Trade business area, for example, the distributors and producers of products for the construction sector (e.g., SGD, a flooring distributor and Riviera, an awnings and blinds producer) have historically demonstrated sensitivity to a deteriorating economic climate because of the often related decrease in construction activity and hence in the demand of related products. In the Services business area, for example, the Engineering Services and Contracting Services as well as the Installation verticals have historically demonstrated sensitivity to a deteriorating economic climate when less projects are initiated on a national basis. In the Industry business area, for example, business units with exposure to the automotive sector (e.g., Elektroautomatik within Automation, Albin Components, Roleff, and SF Tooling within Industrial Technology, and Berco within Products have typically demonstrated a high sensitivity to declining market conditions due to the generation of significant revenue from customers with strong purchase power, particularly focused on cost-cutting and continuous improvements.

On the other hand, in the Trade business area, for example, the Health and Beauty verticals demonstrated a lower sensitivity to the higher costs of living experienced during 2023 than the Home and Living and Sports, Clothing and Accessories verticals, which had a greater exposures to durable consumer goods. In the Services business area, for example, the Digital Services vertical has historically demonstrated a lower sensitivity to a deteriorating economic climate due to the long-term underlying digitalisation trend. In the Industry business area, for example, the business unit ARAT and the Automation vertical have historically demonstrated a lower sensitivity to a deteriorating economic climate because their production is knowledge-based, less dependent on labour cost and geared towards productivity enhancing investments.

There is a risk that previous consumer patterns change in the future, and that those business areas that currently have been or presently are subject to less cyclical influences show greater economic fluctuations in the future. The Trade business area was negatively affected during the year ended 2023 by higher costs of living causing Swedish households' disposable income to decline which had a negative impact on private consumption over the year. Similarly, demand for the products of the Industry business area may decline if the willingness of companies to invest and access to financing are disrupted as may be the case during global or local financial crises or due to increased macroeconomic uncertainty. In addition, inflation and, specifically, wage inflation may continue to increase the costs of the Group's businesses, in particular the costs of the Group's Services business area. The Group's adjusted EBITDA margin was negatively affected by the continued cost inflation during the year ended 2023 and there can be no guarantee that cost inflation will not ramp up again in the future which, if cost increases cannot be fully compensated for by price increases, entails a risk for margin pressure.

Protracted declines in customer demand caused by uncertain economic conditions in one or more of the Group's markets or the deterioration of the financial condition of the Group Companies' customers could have a material adverse effect on the net sales of the Group Companies, which, together with a potential increase of the costs of Storskogen's business driven by inflation, would decrease the Issuer's cash flow and liquidity and thus its ability to make payments under the Bonds. A decrease in the net sales of the Group Companies could also entail a decline in the market value of the Company's direct and indirect holdings which could force the Company into write-downs, causing a corresponding cost in the profit and loss account, which could have a material adverse effect on the Group's profits and financial condition.

Storskogen is subject to risks relating to increased prices of raw materials and energy, disrupted supply chains and insufficient access to renewable energy

The Group is dependent on purchases of energy and certain Group Companies are dependent on purchases of raw materials such as wood and steel. The global market price for energy as well as raw materials sometimes fluctuates heavily, including due to economic and political risks and uncertainty, and it is difficult to foresee the price development. See also "*Storskogen faces continued economic and political risks and uncertainty in European and global markets, including due to armed conflict*". The Group does not use derivative instruments or similar to secure energy or raw material prices to any material extent. There is thus a risk that financial position and profits may be adversely affected by increased prices, which in turn could have a material adverse effect on the Group's ability to make payments under the Bonds if the price of energy and one or more raw materials that are needed in the Group's operations increases. Even if the Group uses derivative instruments to hedge energy and raw material prices, there is a risk that the measures taken fail at mitigating the risks to the Group's financial position and earnings. There is also a risk that Storskogen will not meet the Group's adopted climate targets due to insufficient access to renewable energy. Whereas Storskogen has a framework agreement for renewable and fossil-free energy, there is a major renewable energy shortage in some of Storskogen's geographical areas. There is a risk that the Group will not be able to obtain renewable energy in these geographic areas to a reasonable price, or at all, and thus not being able to meet its adopted climate targets which could have a material adverse effect on the Group's reputation and business.

Several of the raw materials and components that the Group Companies use in their operations as well as, under certain circumstances, energy, need to be transported from other geographical areas to the respective Group Companies. If there are disruptions in the supply chain, e.g. due to logistical difficulties, lack of raw materials and components, energy supply shortages or general delays, it may result in the Group Companies not being able to produce and deliver their products on time or at all. This could result in difficulties synchronizing the procurement of such raw materials with the Group Companies' production needs, which could in turn result in increased inventory or require production requalification or the postponement of certain development and manufacturing processes for their customers. Furthermore, the accumulation of inventory could place strains on the Group Companies' working capital requirements. For example, during the beginning of the year 2023, the inventory levels were generally high in all parts of the supply chain for the Group Companies in the Trade business area which contributed to a higher working capital requirement in the beginning of 2023.

Shortages or delays in the shipment of raw materials can also result in the prices of, and the costs of transporting, such raw materials and components as well as energy increasing. Increased cost of raw materials and energy may only be transferred to the consumer with a timing delay, if at all. In an environment of rising raw material prices, the Group Companies will constantly need to adjust sales prices in order to maintain sufficient profitability while demand can decline as customers postpone, decrease or cancel orders to contain costs. On the other end, if prices for raw materials decline, this could lead to an impairment of the carrying value of the Group Companies' inventory. These factors can in turn have an adverse effect on the Group Companies', and thus the Group's, financial position and profits. Also, due to the Group's long-term contractual arrangements, the Group may not be able to pass on such increased costs to the Group's customers, in part or at all. See also "*Storskogen is subject to risks relating to suppliers and customers*" and "*Storskogen is subject to risks relating to decreased market demand and other macroeconomic factors that are beyond Storskogen's control*". An increase in costs could negatively affect the Group's cash flow and liquidity, which could result in negative adverse effects on the Group's ability to make payments under the Bonds.

Storskogen faces continued economic and political risks and uncertainty in European and global markets, including due to armed conflict

The outlook for the global economy over the medium-term remains uncertain due to a number of factors including societal inequalities and changes, trade barriers, exchange controls and the increased possibility and/or continuation of trade wars, geopolitical tensions, pandemics, widespread political instability (including as a result of populism and nationalism, which may lead to protectionist policies, state and privately sponsored cyber and terrorist acts or threats, efforts to destabilize regimes or armed conflict), changes in inflation and rising interest rates and unfavourable financial conditions more generally, supply chain disruption, rising commodity prices, climate, environmental, social and other sustainability-related risk and global regional variations in the impact and responses to these factors. There is a risk that such geopolitical uncertainty could affect the Group's supply chains and result in undesirable price volatility for input goods and there can be no assurance that the Group will be able to take sufficient counter measures to control such risks. These conditions could also worsen due to a number of factors including macroeconomic deterioration, a global recession, stagflation in the global economy and/or the Eurozone, increased instability in the global financial system and concerns relating to further financial shocks or contagion, for example, due to economic concerns in emerging markets, market volatility or fluctuation in the value of certain currencies, new or extended economic sanctions, volatility in commodity prices or concern regarding sovereign debt. In particular, such events and conditions may lead to volatility in the prices for energy, including but not limited to oil and gas, and raw materials, such as steel and wood, which may lead to a material increase in the operating expenses of a number of Group Companies and therefore significantly affect the results of operations of the Group Companies, which in turn may affect the Group's consolidated results. There can be no assurance that the pricing power of the Group Companies permits that price increases on energy and input goods can be fully compensated by price increases on the Group's goods and services. Such events and conditions may also lead to a, possibly significant, decrease of income, including non-disposable and disposable income, of the Group's direct and indirect customers, including retail consumers, who may no longer be able to buy the Group's goods and services at the current volume or at all, especially durable consumer goods. In addition, inflation and, specifically, wage inflation may continue to increase the costs of the Group's businesses, in particular the costs of its Services business area. Cost inflation remained high during the course of 2023 and there can be no guarantee that cost inflation will not ramp up again in the future which, if cost increases cannot be fully compensated for by price increases, there is a risk for margin pressure.

Further, unfavourable political, military or diplomatic events, including secession movements or the exit of other member states from the EU, and armed conflict, including the ongoing conflict between Russia and Ukraine as well as the armed conflict in Gaza, may disrupt geopolitical stability, prices for the supply of goods and services and cross-border financial transaction, including as a result of economic sanctions and embargos, and the responses to them by governments and markets. This may in turn negatively affect the Group's business, financial condition, results of operations and performance, including as a result of the indirect effect on regional or global trade and/or the Group's customers and suppliers.

The Group's businesses have limited exposure to Russia and Belarus and shortly after the onset of the war in Ukraine, the Group revised its view of business with companies in Russia due to the ongoing armed conflict between Russia and Ukraine and its consequences, including economic sanctions. The only Group Company that previously had operations in Belarus successfully unwound these activities during the fourth quarter of 2021. There can be no guarantee that the Group will not generate any revenues from sales to Russia or Belarus in the future and the Group's business, financial condition, results of operations and performance may be negatively affected by the ongoing conflict between Russia and Ukraine. For instance, the conflict caused an increase in feed prices as well as shortages of materials for the production of wooden floors having a significant impact on certain specific businesses of Group Companies.

Some of the Group Companies have subsidiaries in Poland, Latvia, Lithuania or Estonia, accounting for approximately 1.9% of the Group sales for the year ended 31 December 2023. The subsidiaries in these countries have been severely and negatively affected by the ongoing conflict between Russia and Ukraine and its consequences, including by the indirect consequences of economic sanctions. In the future, these Group Companies may be further implicated, including by the further spread of the conflict into other countries and regions.

The Group's Services business area predominantly employs local work force and labour and has not been directly affected by the conflict between Russia and Ukraine and its consequences, including economic sanctions. However, future demand levels in the wake of the conflict between Russia and Ukraine is difficult to predict and there can be no guarantee that the business, financial condition, results of operations and performance of the Group's Services business area remain unaffected. For example, one of the customers of the Group Company Viametrics is H&M, which had to close its operations in Russia and Belarus as a consequence of Russia's invasion of Ukraine. In the past, Viametrics generated approximately 10% of its annual revenue, or approximately SEK 7 million, from sales to H&M. Approximately SEK 1 million of these annual sales was generated in connection with H&M's businesses in Russia and Belarus. The Group currently has no operations in Russia or Belarus but there can be no guarantee that the Group will not generate any revenues from sales to Russia or Belarus in the future and the business, financial condition, results of operations and performance of the Group's Industry business area may be negatively affected by the ongoing conflict between Russia and Ukraine. Within the Trade business area, the Group has a limited exposure to Russia and Belarus. As of today, the Group's permanent business relationships with businesses in these countries have ended and the Group expects to have only occasional customers from these countries.

Storskogen is subject to risks relating to suppliers and customers

In order to manufacture, sell and deliver goods and services, the Group Companies depend on external suppliers' availability, production, quality assurance and delivery. Incorrect or delayed deliveries, low quality deliveries that do not meet the Group Companies' expectations or non-deliveries from various suppliers could entail that the Group's deliveries in turn are delayed, incomplete or incorrect or that they have to be discontinued, which could result in reduced sales and an adverse impact on the Group's customer relations, which in turn could negatively affect the Group's cash flow and liquidity and its ability to make payments under the Bonds. For example, the products offered within the Trade business area, including in the verticals Health and Beauty, Home and Living and Niche Businesses, such as haircare products, flooring products, mini cranes, pet accessories, decorations, or coffee and ice cream machines, are usually ordered with a particular timeframe in mind and the business area's customers expect to have these products available at the delivery time agreed or are otherwise likely to incur losses or inconveniences. Moreover, there is a risk that defective or delayed deliveries or loss of one or several suppliers of such products can have negative consequences for the Group Companies' operations, financial position and earnings, which in turn could negatively affect the Group's financial position and earnings. Furthermore, certain strategies adopted by the Group Companies to address such potential delivery delays could also turn out to have a negative impact on their results and operations. During the beginning of 2023, for instance, various companies in the supply chain for Group Companies in the Trade business area had high inventory levels, placing strains on the Group's working capital needs. There is also a risk that suppliers do not comply with laws or other rules or their contractual obligations towards the Group, which could affect the Group in terms of its reputation and could lead to customers choosing to purchase products and/or services from other suppliers and providers as well as result in decreased sales for the Group. In the same way, certain Group Companies may be, or may in the future become, dependent on individual customer relationships, the loss of which could entail reduced sales volumes and revenues for the Group Companies affected. If losses of such material customers were to occur in relation to multiple Group Companies at once or within a short period of time, it could have a material adverse effect on the Group's profits as the amount distributable to the Company could decrease, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

If one or more Group Companies are unable to deliver products or perform services in the condition and within the time agreed, for example as a result of delayed deliveries from suppliers, this may result in such Group Companies (and, in cases where there are parent company guarantees, also other Group Companies) having to pay fines and/or damages, entailing higher costs and a decreased cash flow, which in turn may have an adverse impact on the Issuer's ability to make payments under the Bonds.

Further, several larger companies are customers of multiple Group Companies in relation to different products and services. Such larger customers are often aware that the Group Companies belong to the Group and may view such Group Companies as the same entity for all intents and purposes. There is thus a risk that a delivery of a deficient product or the poor performance of a service by one Group Company will impair other Group Companies' relation with the customer which could lead to the customer ceasing doing business with the Group. Such occurrence could decrease the Group's sales and cash flow, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Storskogen's acquisition strategy is associated with risks and there are no guarantees that Storskogen will be able to carry out acquisitions as planned, with favourable conditions or at all

An essential part of the Group's business and growth strategy is to expand the Group's existing business through acquisitions of SMEs, which at the time of the acquisition are intended to be owned on a long-term basis with a potentially infinite ownership agenda at the time of acquisition. The Group operates on the basis of an active, although currently slower paced, acquisition strategy and a large part of the Group's growth is also in the future expected to depend on both strategic and other types of acquisitions, which appear to be profitable and, *inter alia*, enable the Group to expand the business within existing verticals and enter new markets in Sweden and other countries. Since 2012, the Group has acquired business units, which may consist of several Group Companies, that form a stand-alone unit within one of the business areas and which is managed by the Group, and numerous add-ons to existing business units, resulting in a Group consisting of 125 business units (as of 31 March 2024), within 14 verticals and in three business areas. During the first quarter of 2024, three add-on acquisitions were made to the Services business area. There is a risk that the Group's acquisition strategy will not have the desired effect or outcome which may have a material adverse effect on the Group's operations and, in turn, could negatively affect the Group's financial position and earnings. In addition, as the Group's liquidity and cash flow is dependent on macroeconomic factors beyond the Group's control such as general economic conditions or unfavorable global capital and credit markets, there is a risk that the Group may not have the financial resources necessary or the ability to obtain the necessary funds on satisfactory terms in order to maintain the Group's previous acquisition strategy pace.

The Group's exposure to such risks is further increased as the Group's M&A activities progress, if the Group would carry out larger and more costly acquisitions that entail larger financial commitments. If the above risks were to materialise, they could have a material adverse effect on the Group's operations and future prospects in terms of revenue and earnings from acquired companies, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Risks can also include difficulties in finding suitable target companies, including due to difficult market conditions caused by a volatile macroeconomic environment, which may lead to fewer companies meeting the Group's investment criteria. Once a target company has been identified, there is a risk that it is not possible to acquire such target company at favourable terms and conditions or at all and the Group may in these cases also incur advisor costs even though the acquisition process does not lead to the identified target company being acquired. In addition, there is also a risk that the Group makes incorrect commercial assessments in connection with acquisition processes and possible expansions in new geographical markets and/or business areas. This in turn may lead to the Group losing out on potentially favourable acquisitions, acquiring companies that do not live up to the Group's expectations and/or the Group expanding its operations in new geographies or business areas that do not lead to the positive effects that the Group intends to achieve with such expansion. Incorrect commercial assessments in connection with acquisitions or expansion may also result in increased costs that the Group cannot compensate for if the expected positive effects of such acquisitions or expansion do not materialise in whole or in part, which may have a material adverse effect on the Group's financial position and profits which could lead to a decrease in dividends being paid to the Issuer, thus having a material adverse effect on the Issuer's ability to make payments under the Bonds. See "*Storskogen is subject to risks relating to unknown circumstances or inadequate handling of such circumstances in connection with due diligence of acquisition targets*".

Acquisitions are at times large and complex and involve substantial costs for, *inter alia*, financing as well as financial, legal and other advisors, a large part of which is incurred by the Group as the bidder. There is a risk that the Group may incur costs even if the relevant acquisition, for various reasons, cannot be completed. The Group may also be unable to receive compensation from the sellers for such costs, for example, due to contractual or legal limitations. Such net increases in the costs of the Group could entail a decrease in the cash flow and liquidity of the Group, thus having a material adverse effect on the Issuer's ability to make payments under the Bonds.

In connection with acquisitions, it has been common practice for the Group to either enter into agreements regarding contingent considerations or leave a minority interest in the acquired company with the management of the acquired company. Such minority interest would usually be pledged to the Issuer. The terms and size of the contingent considerations are dependent on the performance of the relevant acquisition target and in some cases these contingent considerations do not have a set limit. Normally the contingent considerations are based on the average EBITA for the two to three years following the acquisition. The Group may therefore have to pay contingent considerations to the sellers of an acquisition target that are unexpectedly high, may not have been adequately provided for or may not be in line with the financial performance or the valuation of the relevant business. Similarly, the Group regularly grants put options to sellers regarding their remaining ownership in the acquisition target. Such put options give the seller in question the right to call upon the Group to purchase the minority shareholders' remaining shares in the relevant Group Company (these put options are referred to as minority options within the Group). The terms of the minority options are most often dependent on the performance of the relevant acquisition target. Granting minority options, however, implies that the Group may have to buy a seller's (remaining) stake in an acquisition target at an unexpectedly high purchase price that may not have been adequately provided for or may not be in line with the financial performance or the valuation of the relevant business. If any of the above risks were to materialise, it could entail that the Group acquire companies at too high prices resulting in lower returns on investments over time and a decreased future cash flow, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Storskogen is subject to risks relating to unknown circumstances or inadequate handling of such circumstances in connection with due diligence of acquisition targets

There is a risk that potential problems with a target company, such as required investments, outstanding commitments or future losses, are not detected in the course of the Group's financial, legal, organisational, ESG and operational review of the target company, for example due to fraud or incorrect information. Further, certain purchase agreements may lack sufficient warranties with respect to the identified and unidentified risks in connection with the acquisition. When conducting a due diligence review of a target company, reliance may be placed on public information, which often includes information provided by the target company itself, or on the analysis of external advisors. Public information or third-party sources may, however, be limited and could be inaccurate and/or misleading. Shortcomings in the due diligence by external advisors might lead to an overvaluation of the target company resulting in the payment by the Group of consideration in excess of the target company's actual value. Risks identified and considered prior to each acquisition can also be misjudged and have an adverse impact as regards the value and prospects of an acquisition target as well as cause unexpected costs. Hence, a target company may suffer from customer losses, regulatory problems, unforeseen costs or other unforeseen issues following the acquisition, such as a low order intake, unprofitable projects or low margins, or may have greater obligations or liabilities than originally estimated, which in turn may lead to the Group being forced to make additional capital contributions, may require that the relevant business unit in one way or another must limit or restructure its operations or management and may cause reputational damage to the Group. For example, at the beginning of 2020, misleading information was provided to the Group in connection with the acquisition of the former Group Company Svenska Tungdykargruppen, which had significant shortcomings in its financial reporting thus leading to a negative effect of around SEK 30 million to net financial items regarding the full year 2020.

Further, if due diligence reviews are carried out incorrectly or only with limited scope, the Group could acquire a company that does not meet its sustainability standards, which can cause additional costs in form of administrative penalties, fines or increased costs or harm the Group's reputation, especially given that the ambition of the Group is to acquire companies with a long-term sustainable business model. Deficiencies in acquired companies or failed integration attempts due to, for example, a misleading due diligence review can further lead to the entire Group's reputation being damaged. Any such damage to the Group's reputation could result in decreased revenue for the Group Companies due to customers actively opting to make their purchases from the Group's competitors, which in turn could decrease the cash flow, thereby harming the Issuer's ability to make payments under the Bonds. Damage to the Group's reputation may also make owners of potential target companies reluctant to sell their company to the Group at all, or only at an extra premium, which could be detrimental to the Group's future prospects and results of operations or lower the Group's return on investments, all of which could have a material adverse effect on the Group's cash flow and liquidity as well as the Issuer's ability to make payments under the Bonds.

Storskogen's growth may not materialise or yield the expected outcome

Since its inception, the Group has been growing rapidly through acquisitions, having an average annual net sales growth of 56% during the past four financial years. During the year ended 31 December 2023, the Group's growth rate decreased substantially due to a more slow-paced acquisition rate, certain divestments made previous years and a generally weaker macroeconomic environment. There is a risk that the Group due to, *inter alia*, market conditions and difficulty in finding and competing for appropriate target companies, will not be able to maintain the growth which the Group has experienced during its inception. See ”*Storskogen's acquisition strategy is associated with risks and there are no guarantees that Storskogen will be able to carry out acquisitions as planned, with favourable conditions or at all*”.

Integrating newly acquired businesses has required and will continue to require continued development of the Group's financial systems and management information control systems as well as internal processes. Information control systems are complex systems that require continuous development reflecting the business needs of the Group and the risks inherent to the Group's business.

When Storskogen acquires new companies, including in connection with so called add on acquisitions where Storskogen integrates the target companies with one of the existing operations, it is important that Storskogen succeeds in retaining and attracting a qualified management as well as continuing to train and supervise the employees of the acquired company. Group Companies, in particular when newly acquired, may fail in complying with the internal reporting requirements of the Group and the Group may need to invest significant time and resources to ensure the integrity of its control function, including compliance with its reporting requirements. If the Group is unable to maintain adequate financial and management information control systems, internal processes and/or the integrity of its control function, the Group's governance, financial position, earnings, cash flow and liquidity may be negatively affected, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

A target company may also require significant executive management attention and resources and may therefore prevent the management from carrying out other measures required to manage the Group, which may ultimately lead to an inability of the Group to carry out further acquisitions or lead to a deterioration of the Group management's ability to effectively oversee the Group's other businesses. In the case of add-on acquisitions to existing businesses, there is also a risk that expected synergy and efficiency effects do not materialise to the extent that has been anticipated, or at all, having negative effects on the Group's financial position, earnings, cash flow and liquidity, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

In times of regular M&A activities, there is a risk that the Group's growth strategy does not leave sufficient resources or time to develop the Group's internal control systems and processes in the way that will be necessary for these to handle the Group's further growth and the risks associated with such growth. Failure to manage such growth risks could lead to increased operating costs and to Group Companies not meeting their respective strategic and financial targets, which could entail lower revenues and cash flows and may require the additional allocation of management resources and may therefore have a material adverse effect on the financial position and results of operation of the Group, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds. The continued growth of the Group may also require the implementation of new internal systems and formal procedures which may change the internal culture of the Group and may include a weakening of the entrepreneurial spirit within the Group.

During recent years, the Group has had a rapid geographical expansion with acquisitions in e.g. Singapore and the United Kingdom. There is a risk that the Group's more geographically dispersed portfolio may decrease synergies between the Group Companies and that best practices within the Group are not fully implemented. Further, the Group's historical geographical expansion has exposed the Group to new risks, such as trade restrictions, tariffs, quotas and other restrictions, as well as increased existing risks that could have material adverse effects on the Group. Given that the Group has only been active outside of the Nordic region for a limited time, it has been difficult to analyse these new environments. There is a risk that the Group has made incorrect commercial assessments in conjunction with the geographical expansion and its new initiatives in these markets. It is still too early to fully evaluate the Group's historical geographic expansion and the abovementioned risks could cause the Group to incur higher costs than necessary and result in a decreased cash flow and liquidity for the Group, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

In addition, the Group's geographical expansion may affect the Group's brand and reputation negatively as it will deviate from its past profile as a group with strong ties to local Swedish communities. This could make owners of prospective target companies reluctant to sell their companies to the Group, thus negatively affecting the Group's future cash flow and liquidity, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Potential divestments of Group Companies may give rise to risks and costs

Despite the Group's intention to hold the Group Companies on a long-term basis, the business units and Group Companies that are not performing as expected or that do not fit into the Group's other operations or the Group's long-term strategy may be divested. For example, the Group has recently divested the company AB Kranlyft in the Trade business area due to its limited growth potential in terms of sales and margins and, as described in the Notice, the Issuer has signed an agreement to carry out the Divestment. The Group is continuously reviewing its business units to determine whether certain Group Companies shall be divested and during the financial year ended 31 December 2023, eleven divestments were made with combined annual sales of SEK 1,875 million. Divestments may give rise to risks for costs and unforeseen events. In connection with divestments of Group Companies, the Group may be required to provide certain warranties to the purchaser in respect of the divested company's legal and financial position and development. Hence, there is a risk that the Group may need to compensate a purchaser for costs and losses incurred in the divested company, which could have a material adverse effect on the Group's financial position and profits and the Issuer's ability to make payments under the Bonds. Moreover, potential divestments may increase the Group's transaction related costs.

If the Group does elect to divest a business or a Group Company and management of the Group Company subject to potential divestments is involved in the transaction, a failure to sell all or parts of the Group's holdings may have a negative impact on management's engagement in such Group Company in the future.

Storskogen is exposed to deficiencies related to its internal control and decentralised organisation which may have an adverse effect on Storskogen's operations

The Group applies a decentralised organisational model, which means that the Group Companies are largely responsible for and conduct the business independently, and that the number of collaborations within the Group is limited. The Group applies the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) for the identification, assessment, and management of compliance risks. The Group's management governs, controls and monitors the activities of the Group Companies mainly by appointing the CEOs (or similar position) of the Group Companies and by continually monitoring the development based on, *inter alia*, a few key ratios and procedures for financial reporting. Storskogen is represented on the boards of all business units through the head of each respective business area or through Investment Directors and Investment Managers. The CEO of each business unit reports directly to Investment Directors and/or the head of each respective business area and the board of each business unit can make decisions on its own to a large extent and controls, together with the business unit's senior management, operations and responsibility for customers, sales, personnel and results. The Group is therefore dependent on the CEOs and management at the Group Company level and there is a risk that a decentralised organisation leads to shortcomings in the implementation and/or compliance with policies, guidelines and new initiatives and in reliable and efficient management, risk management and quality control of the production units. For example, production disturbances in the Group's businesses due to mismanagement and non-compliance with policies and guidelines for internal control could have a negative impact on the Group's operations, financial position and profits, all of having a negative effect on the amount of cash being generated by the Group Companies' businesses, which in turn may have a material adverse effect on the Issuer's ability to make payments under the Bonds. There is also a risk that a lack of specific expertise in the various Group Companies, in areas such as law and finance, may lead to incomplete, slow or inaccurate business decisions, which entails a reputational risk for the Group.

Corporate governance in a decentralised organisation such as the Group's sets high requirements for financial reporting and follow-up. The Group Companies use various accounting systems and each Group Company reports its data to the Company separately. There is a risk that data is not provided at all, not provided in a timely manner or is provided incompletely or inaccurately, or any combination of these, which in each case have significant negative consequences for the Group's operations, financial position, profits and cash flow, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

It may be difficult to establish effective and sufficient internal controls in a decentralised organisation. If the Group fails to maintain, or in newly acquired entities establish, adequate corporate governance and internal control, it may not be able to put its resources to their most efficient use and therefore incur higher cost than necessary, resulting in a decreased cash flow, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds. Deficiencies in the Group's internal control may also lead to irregularities in individual Group Companies not being detected which, *inter alia*, could lead to legal proceedings and costly investigations. Such deficiencies may also have a material adverse effect on the Group's ability to comply with financial covenants in its financing agreements. In addition, there is a risk that inadequate internal control will cause investors and lenders to lose confidence in the Group and its reported financial information, which could have a material adverse effect on the Group's ability to raise capital on reasonable terms or at all, which could reduce the Issuer's ability to make payments under the Bonds.

In line with the Group's growth strategy, the Group will become increasingly dependent on effective routines for corporate governance policies (including management of the execution of power of attorney and authorisation rules), accounting, finance, data processing and internal controls in each Group Company for the Group to deliver correct and reliable information on its operations and also to be able to prevent fraud, embezzlement or other illegal utilisation of the Group operations and resources from employees of the Group Companies. Regardless of these routines, the Group is exposed to the risk that staff act fraudulently or embezzling. For example, breaches of such routines occurred in connection with Storskogen's acquisition of Svenska Tungdykargruppen in 2020, when power of attorney and authorisation rules were abused immediately following Storskogen's succession. The Group policy is to report to the police any suspected cases of fraud or embezzlement, but such events and circumstances may result in damages, such as erroneous costs, which could result in financial loss, potential reputational damage and a material adverse effect on the Group's operations and the Issuer's ability to make payments under the Bonds. There can be no assurance that the Group will be able to maintain its routines or that all acquired companies will implement the routines correctly. Therefore there is a risk that the Group's decentralised organisation model proves unsuitable to meet future market challenges and that the Group's competitiveness and market position thus will be weakened. A weakened market position may result in sales losses for the Group, which would have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Notwithstanding the fact that the Group applies a decentralised organisational model with independent Group Companies, in some cases shortcomings in individual Group Companies may have a material adverse effect on the Group as a whole. This may for example occur if risks materialise in relation to several Group Companies at the same time, or if an individual Group Company acts in a way that has a detrimental effect on the entire Group. For example, an individual Group Company's violation of the GDPR or competition law rules may result in sanctions that are based on and aimed at the entire Group's revenue for a given year. In some cases, the Company has also entered into parent company guarantees for individual Group Companies. If the relevant Group

Companies fail to meet their obligations, the Company may have to fulfil the parent company guarantees, which may lead to significant negative effects for the entire Group. In addition, the Company's financing agreements are subject to certain restrictions, prohibiting certain transactions with persons who are connected to certain jurisdictions or are otherwise subject to sanctions. If an individual Group Company does not comply with these restrictions, it may result in stakeholders becoming less willing to trade with the Group as well as the Company's lenders being entitled to terminate the Group's financing agreements, which may result in a material adverse effect on the Group. If any of the above risks materialise, it may have a material adverse effect on the Group's financial position and liquidity, as well as on the Group's reputation, all of which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Competition for suitable acquisition targets may lead to Storskogen not being able to carry out acquisitions at a reasonable cost or at all

The Group has carried out 227 acquisitions of businesses and groups since its founding (as of 31 March 2024). During the last year the Group has continued to carry out acquisitions although at a lower rate than in the past and the Group will continue this lower acquisition rate until the Interest-bearing net debt/Adjusted RTM EBITDA will have decreased to the lower end of the Group's target range from 2.0x to 3.0x, (as of 31 March 2024 the Group's Interest-bearing net debt/Adjusted RTM EBITDA for the past 12-month period was 2.8x. It is central for the Group to be able to continue to acquire suitable acquisition targets at a reasonable cost. Due to the combination of interest rate increases, heightened inflation risk, volatile capital markets, geopolitical tensions and the armed conflict between Ukraine and Russia, the Group has witnessed a slowdown in the mergers and acquisitions markets. In the current environment, the performance of many potential acquisition targets is volatile and potential buyers find it difficult to access acquisition financing while sellers often have a fixed price expectation. In some segments, this development has resulted in lower profits and slightly lower acquisition multiples in the mergers and acquisitions markets. While the Group's M&A activities in its mature markets, such as Sweden, have continued at a slower pace, the Group also registered a high level of deal flow in its new markets, expanding its geographical presence in the DACH region, the United Kingdom and Singapore. However, there is a risk that the Group will be unable to acquire target companies due to increased financing costs as a result of continued high interest rates, that the pace with which the Group conducts acquisitions will further decline, or that the number of potential acquisition targets decreases, which would have a material adverse effect on the Group's continued growth and prospects. If the Group is not able to carry out acquisitions at all, to the desired extent or at favourable terms, the Group's M&A-driven growth will stall further, which could lower the Group's returns on investments, thus having a material adverse effect on the Issuer's ability to make payments under the Bonds.

Competition for the Group Companies may have an adverse effect on Storskogen's operations and profits

The majority of the Group Companies operate in sectors with significant competition from local, national as well as international operators, such as, for example the Group Companies Berco, Albin and Alfta (which produce for the automotive industry) as well as Ashe (which sells clothes, shoes and equipment in the sports and leisure segment). Moreover, for example, in the Services business area, specifically in the Installation vertical and the Engineering Services vertical, Group Companies may be exposed to high price pressure due to low entrance barriers and the availability of foreign labour in local markets. In some cases, the Group Companies compete with operators who can offer a more complete range of products and services, are larger and have better access to financing, as well as greater financial, technical, marketing and personnel resources. The future competitiveness of each Group Company depends, *inter alia*, on their ability to meet current and future market needs. There is a risk that the Group's competitors will engage in price competition, for example, by merging with other competitors or by implementing new initiatives, or that they will develop more competitive services and products than those of the Group which could result in decreases in the overall sales numbers for the Group's services and products. There is a risk that the Group will not be able to develop or offer new competitive products and services successfully or that adaption to the new competitive situation requires costly investments, restructurings and/or price cuts. If the competition from existing and new operators increases or if the Group Companies are unable to meet demands for their products and services, it could have a negative impact on the respective Group Company's sales numbers, entailing lower revenues and a decreased cash flow, which in turn could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

There is also a risk that the Group Companies' customers undergo structural changes, for example, by way of merging with other customers, and thereby obtaining a better negotiation position towards the Group. Such consolidation may lead to increased price pressure, Group Companies being forced to lower their prices or suffer decreased sales volumes and revenue, lost market shares and lowered margins for the Group, which if the competition would increase or if the customers would consolidate in relation to multiple Group Companies at once or during a short period of time, could have a material adverse effect on the Group's future revenue and financial position, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

There is no guarantee that Storskogen is able to retain and recruit key personnel and other employees to meet current or future needs at all or at a reasonable cost

The Group is dependent on the work, management, knowledge, experience and commitment among key individuals as well as other employees. The Group is sensitive to the loss of key personnel. When hiring new employees, the Group's experience has been that there is a shortage of qualified personnel with, for example, project and management skills or with accounting, IT and quality control management skills. There is a risk that such shortage may result in increased salary demands and therefore increased salary costs, which would decrease the Group's cash flow and have a material adverse effect on the Issuer's ability to make payments under the Bonds. There is also a risk that the Group, including Group Companies, fail to identify or attract the right people or that these cannot be retained in the future. Key employees may start working for competing companies or start their own competing businesses.

The Group is also dependent on senior management at the level of the Company and in many cases also at the level of the Group Companies, in each case including the relevant CEOs. The current management of the Group and of many Group Companies possesses extensive expertise and knowledge about the relevant business sectors as well as the operative businesses of the Group and the Group Companies.

There is a risk that the Group is unable to retain or attract CEOs for Group Companies. When acquiring a target, there is a risk that the Group has to offer high retention bonuses to ensure the current management of the target continues to manage the newly acquired Group Company. There is also a risk that the Group may have to offer other financial incentives, potentially unfavourable to the Group, to ensure that the existing management of a newly acquired Group Company remains in place. When unwinding a seller's involvement in the management of a Group Company, there is a risk that the Group is not able to attract a suitable successor, especially when Group Companies are located outside attractive metropolitan areas. The ability to recruit and retain qualified personnel is crucial for the future success and growth of the Group and its Group Companies. The Group's current projects and other development plans could be disrupted if the Group or certain of its Group Companies were to lose and not be able to replace its key employees.

Moreover, the loss of some key employees, especially in times of rapid expansion, can lead to an unsustainable workload for certain other key individuals, which in turn could lead to underperformance of the Group as a whole and that a need arises for costly short time recruitments, both of which could have a material adverse effect on the Group's operations and profits. If the Group or its Group Companies fail to identify, attract and retain competent personnel, this could have an adverse effect on the Group's or the relevant Group Companies' businesses, financial position and profits. As the Group continues to grow, the Group will have an enlarged recruitment need in the future. In such an event, should a large number of new hires be employed in a short period of time to facilitate growth or to replace key employees that leave the Group or the Group Companies could dilute the Group's corporate culture or the values held and endorsed by the Group.

Storskogen is subject to risks relating to workplace accidents and claims for compensation as a consequence of compliance deficiencies

Some of the Group's businesses, such as CS Riv & Håltagning, which provides demolition services ranging from bridges to entire buildings, or Swedstyle, which produces and sells smart office furniture, are subject to extensive laws and regulations regarding work environment and are exposed to the risks that are naturally occurring in industry, trade, technical installation and service. This entails that the employees of such businesses must comply with strict safety regulations. During 2023, a total of 103 serious (but non-fatal) workplace incidents were reported by the Group to competent authorities. If the Group, its employees, its subcontractors or other third parties, fail to comply with applicable health and environmental standards across geographies, this can cause personal injury, death, damage to property and equipment, business interruption, and similar consequences which in turn can lead to claims for damages and, in certain extreme cases, criminal liability. These risks and other labour protection, health and safety risks entail responsibility exposures that may have an adverse effect on the Group's future margins, cash flow and liquidity, all of which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Storskogen is subject to risks relating to partly owned Group Companies

Certain Group Companies are not, directly or indirectly, wholly owned by the Group, but one or several other shareholders hold shares to a smaller extent. For example, the Group holds 95.0 per cent. of the shares in Scandia Steel Sweden AB, 91.0 per cent. of the shares in Båstad-Gruppen AB and 91.6 per cent. of the shares in Viametrics Group AB. The Group has in such cases entered into shareholders' agreements or similar arrangements with the relevant minority shareholder(s) through which the shareholders' internal relationships are governed. Under exceptional circumstances, such shareholders' agreements may contain provisions that entitle the minority shareholder to a fixed amount dividend. In addition, minority shareholders may exercise various statutory minority rights, for example, the right to dividends and mandatory buy-out. Under certain circumstances, the rights of minority shareholders may mean that the Group cannot exercise the level of control over a Group Company that would be desirable, for example in relation to changes in the operations due to new market conditions, or to raise new capital. There is also a risk that leakage may occur in situations where the Company is dependent on dividends from partly-owned Group Companies for e.g. payment of interest or principal amounts under the Group's financing. There is thus a risk that the relevant Group Company's financial position and earnings and cash flow are adversely affected, which in turn could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Moreover, shareholders' agreements and similar arrangements may sometimes be difficult to enforce, specifically abroad. Although the Group regularly engages local legal counsel in connection with such agreements and arrangements, there is a risk that one or more provisions therein may be deemed invalid by a local court or authority, which could have an adverse effect on the Group's financial position and earnings if several shareholders' agreements are challenged and local courts and/or authorities do not find in favour of the Group. There is also a risk that the Group cannot control to what extent such Group Companies pay dividends and whether the Group may be obligated to make further contributions into such Group Companies. There is thus a risk that such Group Companies negatively affect the Group's profits, cash flow and liquidity, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Storskogen is subject to risk relating to its information technology ("IT") systems, financial, accounting and other data processing systems

The Group is exposed to certain risks attributable to the Group's IT systems. Any interruptions or errors in internal IT systems that are critical to the Group's operations could cause a significant decrease in the ability of the Group to carry out its operations. Further there is a risk of information security intrusion, such as cyber-attacks or fraud, in the Group's IT systems, including in external IT systems and websites. For instance, certain of the Group's employees have historically been subject to e.g. phishing e-mails and it can not be guaranteed that the Group will be able to identify and prevent similar cyber-attacks in the future. Such security intrusion could disrupt the Group's business and lead to leakage of confidential or sensitive information, including but not limited to trade secrets, financial and operative data or sensitive customer/supplier information. If information on, *inter alia*, the Group's financial development or trade secrets is unlawfully disclosed or distributed, there is a risk that the Group could be subject to liability, loss of business, litigation, government investigations or other losses. If the Group fails to maintain and develop the functionality and operation of its business-critical IT systems, the Group may not be able to use its financial, accounting or other data processing systems, which could have a material adverse effect on the Group's operations, financial position and cash flow, all of which could have a material adverse effect the Issuer's ability to make payments under the Bonds.

The Group relies on financial, accounting and other data processing IT systems. If any of these systems does not operate properly or is disabled, the Group could be unable to perform its bookkeeping, accounting, reporting and/or consolidation functions or, suffer financial loss. This may also lead to disruptions of the Group businesses, regulatory intervention or reputational damage. If several of the Group Companies' business systems, such as electronic communications, IT systems or other services are subject to disruptions at the same time, the Group as a whole could be materially affected. The Group's reporting system, the only common Group system into which all Group Companies report, may be particularly vulnerable to any disruptions. The Group does not have a common disaster recovery programme, and may therefore experience difficulties in mitigating the negative effects of any disruption. Insurance and other safeguards might also not be able to reimburse or protect the Group for its losses at all or only to some extent. In addition, the Group operates in businesses that are highly dependent on information systems and technology. For example, the e-commerce companies SGS, PerfectHair.ch and Vårdväskan as well as IVEO, Bombayworks and Agio within the vertical Digital Services would suffer significant harm in case of a complete shutdown, considering the nature of their businesses, which could result in sales decreases and/or higher costs than necessary, resulting in a decreased cash flow and liquidity in the Group, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Group's information systems and technology may not be able to continue to accommodate the Group's growth, and the cost of maintaining such systems may increase from its current level. Such failure to accommodate growth, or an increase in costs related to information systems, could negatively affect the Group's ability to carry on its operations as well as have a material adverse effect on the results of operations, cash flow and liquidity of the Group, all of which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Storskogen's insurance coverage may not cover all potential losses and there are no guarantees that Storskogen is able to retain its current insurance coverage at a reasonable cost or at all

The Company has taken out a liability insurance for the board of directors and senior executives in the Company and the Group Companies. In addition, each Group Company is responsible for insuring its operations and property to the extent deemed necessary by the CEO of each respective Group Company. Given the Group's broad and diversified business, there is a risk that the Group's current insurance coverage scope is insufficient and/or that the Group's current insurance coverage is not sufficient for potential future needs, including but not limited to board of directors' liability insurance, property insurance and consequential loss insurance, and that the Group will not be able to maintain the existing insurance coverage at a reasonable cost, or at all, in the future. The coverage that the Group receives through the insurances can also be limited due to, for instance, amount limitations and requirements for excess payment. It can also be difficult and time-consuming to receive reimbursement from insurance companies concerning losses that are covered by the Group's insurances. Further, it is not certain that the Group can receive the entire lost amount from the insurance company. There is thus a risk that the Group's insurance coverage does not cover all potential losses, regardless the cause, or that relevant insurance coverage is not always available at an acceptable cost, all of which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

If Storskogen fails in complying with applicable data protection regulations, Storskogen's compliance costs may increase and in the event of compliance deficiencies, Storskogen may become subject to significant fines and liable for damages

The Group handles personal data that primarily involves employees, customers, suppliers, shareholders, investors and job candidates, which means that the Group is required to comply with applicable privacy legislation regarding the collection and processing of such personal data. For example, in connection with share issues, the Company has collected and processed personal data of its investors, such as personal identification numbers and individual account numbers. In connection with due diligence reviews of potential acquisition targets, the Company may take part of the data the seller provides to the Company and the Company may therefore take part of a broad variety of personal data of the target company's employees, including sensitive personal data such as personal identification numbers and health issues. The Company at times uses services of third-party suppliers that may have offices outside of the EU, for example in the United States. There is a risk that suppliers, under the U.S. Cloud Act, are obligated to provide data to US authorities, which could include personal data regarding, for example, the Group's employees or shareholders. The GDPR entails extensive changes to the EU personal data regulation, with a strengthening of individual rights, stricter requirements on companies handling personal data and stricter sanctions with considerable administrative fines. The adherence to GDPR is of vital importance and deficiencies in compliance may lead to substantial fines. Such fines could amount to 4 per cent. of the Group's total turnover. As an illustrative example, 4 per cent. of the Group's total turnover equalled approximately SEK 1,440 million during the year ended 31 December 2023. In addition to this, Group Companies may also be liable to pay damages to individuals. Since most of the companies acquired by the Group are SMEs within the business to business market segment, compliance with data protection regulations has often not been a matter of priority for the previous owners. This means that required routines, systems and control functions may need to be implemented, which may be time consuming. There is therefore a risk that the Group is unable to efficiently implement such routines, systems and control functions that are needed to comply with legislation regarding privacy and handling of personal data, which could lead to increased compliance costs, fines, obligations to pay damages and reputational damage to the Group which may have an adverse effect on the Group's cash flow and liquidity as well as the Issuer's ability to make payments under the Bonds.

Risks relating to the Group's legal and regulatory environment

Storskogen is subject to risks relating to compliance with laws, regulations and standards

The Group's operations are subject to various regional, national and local laws and regulations, including competition and trade restriction regulations, environmental laws and standards, employment laws, anti-corruption laws, anti-money laundering, anti-dumping, accounting regulations and foreign direct investment regulations such as the Swedish Screening of Foreign Direct Investments Act (Sw. *lagen (2023:560) om granskning av utländska direktinvesteringar*), which in case of non-compliance can result in *inter alia* fines in an amount of up to SEK 100 million. These regulations are complex and frequently changed, and they have tended to become more extensive over time. The passing of new or amended laws or regulations, could require the Group to adopt more stringent standards, restrict its operational or strategic flexibility as well as require significant costs and investments, resulting in a decreased cash flow and a reduced liquidity for the Group, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Group's operations are subject to various environmental laws and permits, with which the Group must comply and in connection with which the Group may incur capital and operating costs in its efforts to comply. In the Trade business area, for example, Swedfarm requires permits for poultry breeding and environmental permits for the handling of the manure the animals produce and Imazo requires permits for the handling of pets. There can be no assurance that all Group Companies will at all times be able to retain and/or obtain the licenses and permits required to conduct their business activities. Moreover, there can be no assurance that all Group Companies will at all times be compliant with the applicable environmental laws, regulations and standards. In the Industry business area, for example, Berco, a company that produces superstructures on light trucks, is affected by the Worldwide Harmonised Light Vehicle Test Procedure ("**WLTP**") rules within the automotive industry. For example, deliveries from manufacturers of WLTP systems (which are systems for measuring fuel consumption) were severely delayed due to the implementation of the adjustment rules, which led to Berco not being able to produce and deliver its own products on time. There are more adjustment rules to be adopted and implemented in the automotive industry, which may affect the Group adversely. Non-compliance with any environmental laws and standards may harm the Group's reputation, in particular given that the Group has built is brand recognition around conducting its business in an environmentally conscious and sustainable manner. There can be no assurance that the requirements of environmental laws and regulations and the associated cost of compliance will not increase in the future. Adapting operations to such changes may require the Group to incur costs that are difficult to anticipate, which, in turn, could decrease the Group's cash flow and liquidity, which in turn could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Group's operations are subject to various employment laws and regulations, including but not limited with respect to anti-discrimination, health and safety and labour laws and regulations. If the Group's employees, distributors or suppliers, violate any of the applicable laws and regulations, the Group could experience increased costs or delays in the delivery of its products, be subject to fines, damages or penalties as well as orders and sanctions imposed by supervisory authorities and courts, thus reducing the Group's cash flow and liquidity, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds. The employees of targets within the Industry or Services business areas may typically be unionised. The Group may therefore be subject to disputes with labour unions. The Group may also suffer reputational harm due to violations of labour regulations, which could reduce demand for its products and have a material adverse effect on the Group's operations and revenues and the Issuer's ability to make payments under the Bonds.

The Group is also required to comply with the provisions of anti-corruption laws, anti-money laundering and sanctions laws in jurisdictions in which it operates. There can be no assurance that the Group's current and past policies and control systems have been or will be able to detect or prevent all potential instances of illicit conduct, or that such policies have been or will be fully and consistently applied throughout the Group's organisation. While the Group seeks to exercise best practices in compliance with applicable laws, there can be no assurance that the Group's past and current policies and control systems have been, or are, able to detect or prevent all potential instances of illicit conduct. Any non-compliance with the provisions of anti-corruption laws, anti-money laundering and sanctions laws by the Group could result in decreased sales numbers and increased costs for the Group, both of which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Breach of international trade sanction laws could result in fines, criminal penalties and other adverse effects on the Group's business

International economic and trade sanctions are complex and subject to frequent change, including in relation to jurisdictional reach and to the list of countries, entities, products and individuals subject to sanctions. Certain entities or products in the industries in which the Group operates are or may become the subject of various economic and trade sanctions administered by a variety of jurisdictions. For example, sanctions measures in respect of Russia target certain products that are common in the industries in which the Group operates, such as petroleum products. Countries and territories may also become the subject of sanctions resulting in stringent requirements for trade with such countries and territories, such as, for example, the Crimea Region of Ukraine, Belarus, Cuba, Iran, North Korea, Russia, Syria, Venezuela and the self-proclaimed Donetsk People's Republic and the self-proclaimed Luhansk People's Republic. In providing the Group's goods and services, the Group must comply with applicable sanctions laws.

While the Group has a sanctions policy in place, and regularly screen orders, suppliers and customers for sanction compliance, ensuring compliance with such controls and regulations may be difficult or costly and there is a risk that the Group could become subject to investigations or claims by authorities. If the Group fails to comply with international trade sanctions, the Group and its employees could be subject to civil or criminal penalties, including the possible loss of export licenses, monetary penalties, and, in extreme cases, imprisonment of responsible employees for violations of these laws. The Group may also be adversely affected through penalties, reputational harm, loss of access to certain markets, or otherwise.

Changes in international trade sanctions and other trade restrictions may delay the introduction and sale of the Group's goods and services in certain markets and prevent the Group's customers with international operations from using the Group's services. Any change in export or import regulations, economic sanctions or related laws, shifts in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of the Group's goods and services, or in the Group's decreased ability to export or sell its goods and services to existing or potential customers with international operations. Any violation of sanctions laws or decrease in the use of the Group's goods and services or limitation on the Group's ability to export or sell its goods and services would likely adversely affect the Group's business, financial condition and results of operations.

Storskogen is subject to risks relating to intellectual property

The Group's success also depends on its ability and the ability of the Group Companies to protect its and their intellectual property rights. The Group and the Group Companies have taken active measures to obtain protection of its and their respective intellectual property by obtaining patents and trademarks, which are usually held at the Group Company level, and by monitoring activities in its major markets. In addition to its patent and trademark portfolio, the Group relies on, *inter alia*, trade secrets, know-how, development of new products and technological development in combination with non-disclosure and other agreements to protect such intellectual property rights. However, the measures that the Group takes to protect its intellectual property may not effectively deter competitors or others from improper use of the Group's intellectual property. The Group may also need to expend significant resources in order to prevent infringement of its intellectual property or to litigate in order to protect its intellectual property rights. Any failure by the Group to establish its rights to, or manage and protect its intellectual property could lead to an increase of costs and a decrease in cash flow for the Group, both of which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Storskogen is subject to risks relating to disputes and other legal proceedings that may be time consuming and costly

The Group Companies' operations are associated with a risk for disputes with, *inter alia*, customers, potential partners, suppliers, employees, authorities and potential company sellers that may assert that the Group has not fulfilled its legal, contractual or other obligations and may direct claims against the Group. There is a risk that a dispute or process of material nature may arise in the future which may have significant adverse effects on the Group's financial position and profits. The exposure to disputes, fines and other obligations that may be imposed by relevant authorities can also affect the Group's reputation, although the financial effects may not be substantial. Litigation procedures may also be time-consuming for the Group's management and be associated with costs related to legal advisers. As an example, the business area Services, especially in relation to larger tender contracts, is exposed to risk for alleged wrongful performed services and damages in relation thereto. In September 2021, a Group Company received a claim for damages of SEK 30 million (SEK 20 million in damages, SEK 10 million in penalty fee) for alleged wrongful clearing of trees in connection with certain construction work. In October 2022, that Group Company contested the claim by filing a lawsuit against the counterparty for withholding SEK 10 million of their payment in breach of the parties' agreement. The dispute was resolved with a mixed result where the counterparty had to pay approximately one third of the Group Company's claim. There can be no guarantee that any future disputes will have favorable results and in such cases certain Group Companies may have to pay significant sums in damages. There is also a risk that Group Companies involved in disputes will not have sufficient insurance coverage in case of large claims or that such coverage would not include e.g. potential penalty fees. In addition, procedures like this are often time consuming, may be costly to defend and may damage the Group and its reputation and brand (or the Group Company's).

Further, some of the Group Companies develop, produce and/or sell products of various kinds. Such Group Companies may be exposed to product liability in the event that the use of the relevant Group Companies' products do not meet the required standards and/or cause or can be feared to cause injuries to persons, animal or property. Such consequences can lead to the Group being subject to legal claims and to significant financial commitments as well as negative publicity, which could lead to higher costs, lower sales volumes and a reduced cash flow and liquidity, all of which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Storskogen is subject to tax risks and Storskogen's current tax situation may be subject to negative changes

The Group Companies are subject to taxation in Sweden and other jurisdictions, *inter alia*, Switzerland, Germany and the United Kingdom. During the financial years 2023, 2022 and 2021, Storskogen's reported tax expenses (as it affected the profit for the period) amounted to SEK 377 million, SEK 519 million and SEK 286 million, respectively. High interest rates impact the Group's effective tax rate, and during the previous year the corporate income tax rate in the UK increased from 19% to 25%. As of 31 March 2024, the Group has operational presence in 30 countries with 125 business units and some 400 legal entities across three business areas. Depending on operations and jurisdiction, each Group Company is subject to different tax regulations and tax laws that are constantly evolving across jurisdictions, which is adding to the complexity from a tax perspective, which entails a risk that the complexity results in errors in the Group Companies' tax management.

Non-compliance and if Group Companies make mistakes in their tax management, can lead to additional tax expenses for the Group and to tax surcharges, which may have a negative impact on the Group's cash flow and profits. For example, a former Group Company had misjudged its VAT-status which resulted in the former Group Company incorrectly deducting input VAT to an amount of approximately SEK 90 million from 2015 to 2021 (the former Group Company's suppliers should have invoiced the company without VAT in accordance with the rules regarding reverse charge). The former Group Company informed the Swedish Tax Agency and refunded the incorrectly deducted input VAT. Similar errors in the tax management of the Group Companies may be attributable to periods before the Group's acquisition of the any Group Company. If the Group makes mistakes in its tax management it could lead to further tax costs for the Group as well as tax surcharges, which could adversely affect the Group's profits, cash flow and liquidity, which in turn could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Further, there is a risk that tax authorities do not agree with the Group's perception and interpretation of laws, tax treaties, regulations and practices. The Group's current tax situation may therefore be subject to negative change. In connection with past, current or future acquisitions, the Group may also be exposed to liability for transfer taxes, including stamp tax, real estate transfer tax and/or levies for the formal registration of a transfer of title. In addition, the Group can be subject to retroactive adjustments that may have a negative impact on the Group's previously estimated tax. This may have an adverse effect on the Group's business, financial position and results. It is not possible to predict whether the Group will be subject to any new or changed tax regulations, or if the Group's perception and interpretation of such new or changed regulations will be correct. In addition, in the event of further geographical expansion, the Group may become exposed to additional tax regulations in additional jurisdictions, which may lead to increased compliance costs and increased tax rates, thus reducing the Group's cash flow. Group Companies may also be, from time to time, subject to tax audits or enquiries from tax authorities. Any failure in compliance with applicable regulations or tax authorities' instructions can, *inter alia*, lead to the payment of additional taxes, fees and/or fines, which could have a material adverse effect on the Group's cash flow and liquidity and the Issuer's ability to make payments under the Bonds.

Risks relating to the Group's financial situation

There are no guarantees that Storskogen can meet its financing needs for the day-to-day operations and future investments at a reasonable cost or at all

The Group is dependent on receiving financing from lenders and investors. The Group's financial needs include both the continuing operations as well as readiness for future investments. The access to financing is affected by factors such as the general access to capital and the Group's creditworthiness.

The Group may not at all times be able to obtain the funding necessary to pursue its acquisition and growth strategy; this may have a negative impact on the Group's operations, financial position and earnings. Moreover, if the Group's development departs from the existing strategic direction, this may lead to a situation where the Group needs to obtain more funds than expected. If the Group, under such circumstances, fails to raise enough funds on favourable terms, or at all, this may have a negative impact on future growth of the Group's operations and its ability to fulfil its financial obligations entailing reduced future cash flows and a decreased future liquidity, which in turn could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Company is party to a facility agreement with an international bank syndicate, entered into on 16 March 2024 which includes an unsecured EUR 400 million revolving credit facility (with an accordion option of EUR 43 million) and an unsecured syndicated term facility of EUR 330 million (the "**Facility Agreement**"). Pursuant to the terms of the Facility Agreement, there is a general restriction, subject to customary exceptions, on incurring or permitting to subsist financial indebtedness as well as certain other customary covenants.

There is a risk that the Company is unable to obtain adequate debt funding in order to supplement existing bonds or the Facility Agreement, in which case the Group would be forced to repay these debt instruments with equity funding, which may prove impossible to raise at a reasonable price or at all. Furthermore, if the Company raises additional funds by issuing additional equity securities, or through instruments convertible into equity securities, the existing shareholders may be significantly diluted. Further equity or debt financings may result in issuance of securities with priority as to liquidation and dividend and other rights more favourable than shares, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect the Company' business and result of operations. The existing bonds and Facility Agreement contain certain restrictive commitments and financial covenants, and if the Company does not fulfil these the lenders can demand prepayment in full. Prepayment in full can also be demanded in connection with other grounds for termination for the bondholders or the lenders (for example a sanctions event or a certain type of ownership change in the Company). If the above risk were to materialise, the Group may not have sufficient cash to meet its obligations. If the Group is unable to generate sufficient cash flow to service its debt, the Group may be required to sell some of its assets or operations. Therefore, while the exact timing and amount of the Group's future funding plans depend on many factors, it may consider asset divestments. However, there can be no assurance that any buyers will be identified or that transactions will be successfully consummated on terms and valuations acceptable to the Group or at all.

Storskogen is subject to risks relating to currency fluctuations and exchange rate differences

Currency risk means the risk of exchange rate fluctuations affecting the Group's financial position negatively. Currency risk can be divided into transaction exposure and translation exposure. Transaction exposure arises as a result of companies within the Group carrying out transactions in a different currency than the local currency, for instance by importing products for sale on the domestic market and/or by selling products in foreign currency. Translation exposure arises as the Group, through its foreign Group Companies, has net investments in foreign currencies. The Group can be exposed to negative effects when recounting the net result and net assets in such foreign Group Companies to the Group's reporting currency SEK.

Exchange rate differences (translation exposure) increased the Group's operating profit for the three months ended 31 March 2024 by SEK 24 million and increased the Group's net financial items by SEK 1 million for the same period, as compared to a decrease of SEK 11 million and increase of SEK 21 million, respectively, for the three months ended 31 March 2023. Such differences decreased the Group's operating profit for the year ended 31 December 2023 by SEK 34 million and decreased the Group's net financial items by SEK 55 million for the same period, as compared to an increase of SEK 27 million and SEK 19 million, respectively, for the year ended 31 December 2022. The Trade business area has significant purchasing exposure to the U.S. dollar and euro, as well as some exposure to the Japanese yen which exposes the Group for significant exchange rate risks since a majority of the Trade business area's sales are in SEK. For example, during the year ended 31 December 2023 the weakening of the SEK had a negative effect on the business area's profitability. Foreign exchange exposure related to sales are limited and include primarily euro, Norwegian krone and Danish krone. The Group partly hedges exposure to currency risk at the Group level and in the Group Companies. The total market value of the Group's outstanding foreign exchange hedging arrangements amounted to SEK 24 million at 31 March 2024. The currency risk of the Group has increased as the Group has expanded internationally. The Group is also exposed to foreign exchange risk related to, among others, the pound sterling, Swiss franc and Polish złoty. There is a risk that the risks associated with the hedging arrangements of newly acquired companies are not immediately identified and negatively affect the Group.

Storskogen is subject to risks relating to increased interest rates

As of 31 March 2024, the Group's interest-bearing net debt amounts to SEK 11,510 million (including long and short-term interest-bearing and leasing debt). The Group's interest rate levels are affected by underlying market rates which have historically fluctuated due to, and are in the future likely to be affected by, a number of different factors such as macroeconomic conditions, inflation expectations and monetary policies. As the Group's loans and bonds mainly accrue interest at floating rates, changes in interest rates can lead to increased interest expenses for the Group, and in turn a material adverse effect on the Group's cash flow, which could have a material adverse effect on the Group's ability to make payments on its debts, including the Bonds. In accordance with the Group's financial policy, the Group only partly (and thus not fully) hedges its exposure to interest rate risk through interest rate derivatives in accordance with the Groups financial policy. By way of an example, if the 3-month STIBOR increased by 100 bps, the Group's interest expenses on interest bearing loans and capital markets instruments as of 31 March 2024 would increase by approximately SEK 73 million annually. In addition, if the Group's creditworthiness were to decrease in the future, potential lenders might demand an additional credit risk premium on the interest rates charged to the Group.

Any impairment of goodwill, other intangible assets or property, plant and equipment could have a material adverse effect on Storskogen's financial position and operating results

In connection with acquisitions, the Group carries out a purchase price analysis and value the acquired entity's identifiable assets and liabilities at fair value. If there is a discrepancy between the asset value and the purchase price paid by the Group, the Group reports the difference as goodwill. As of 31 December 2023 and 31 March 2024, the Group had SEK 18,763 million and SEK 18,916 million of goodwill, respectively, SEK 6,219 million and SEK 6,103 million of other intangible assets, such as customer relationships, patents, trademarks and technology-related intangible assets, respectively, and SEK 5,391 million and SEK 5,627 million of property, plant and equipment, respectively, on its balance sheet. Goodwill is subject to impairment reviews in accordance with IFRS. Any impairment charge on goodwill, other non-tangible assets or property, plant and equipment will be reported as a cost and have a negative impact on operating profit. For the year ended 31 December 2023, the Group did not incur any impairment losses.

Storskogen is subject to credit risks

Credit risk or counterparty risk means the risk of a counterparty in a financial transaction not fulfilling its obligations on the relevant day of maturity or at all. The Group's credit risk mainly includes claims on customers and advance payments to suppliers (commercial credit risk), but a certain credit risk also exists concerning the allocation of cash (financial credit risk). Despite the Group's finance policy stipulating that cash is only to be deposited with banks with high credit ratings, the Group faces financial credit risk. If the financial conditions of one or more of the Group's counterparties change negatively and it results in the counterparty not being able to fulfil its obligations towards the Group in time or at all, entailing major credit losses for the Group, it may have an adverse effect on the Group's cash flow and liquidity, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Provided that the Bondholders approve the Request set out in the Notice, the Loans will be permitted provided the outstanding amount does not exceed SEK 300,000,000 plus capitalised interest and accrued but not yet capitalized or paid interest. As the Issuer would be a creditor under such loans, the Issuer is subject to credit risk in respect of NewCo (and indirectly the Divested Companies) and it cannot be guaranteed that NewCo will be able to repay the Loans (e.g. due to the Divested Companies not generating sufficient funds to distribute to NewCo or due to NewCo not receiving sufficient proceeds from divestment of Divested Companies). This risk is enhanced by the fact that the Loans will be subordinated to NewCo's obligations under any other financings incurred by NewCo. Furthermore, it cannot be guaranteed that security provided for the Loans in respect of NewCo's shares in the Divested Companies that will be directly owned by NewCo in an enforcement situation would provide sufficient proceeds to cover any outstanding amounts under the Loans, especially since the Loans will be subordinated as described above.

RISK FACTORS SPECIFIC AND MATERIAL TO THE BONDS

Risks related to the nature of the Bonds

Ability to service debt and credit risk

The Issuer's ability to service its debt under the Bonds will depend on the Issuer's ability to have liquid funds in order to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors, some of which have been mentioned above, such as prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control.

If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling of assets, restructuring or refinancing of its debt or seeking additional equity capital.

The risk that the Group cannot service its debt obligations under the Bonds also implies a credit risk for investors in the Bonds. An increased credit risk will cause the market to charge the Bonds a higher risk premium, which will affect the Bonds' secondary market value negatively. Another aspect of the credit risk is that a deteriorating financial position of the Group will reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds, as it may cause the Issuer's credit profile to decrease, and consequently affect the Issuer's ability to repay the Bonds at maturity, as set out below under "*Refinancing risk*".

Refinancing risk

The Group finances its business, by way of equity and debt capital as well as bank financing. As of 31 March 2024, the Issuer's equity amounted to approximately SEK 20,739 million whereas the total balance sheet liabilities amounted to approximately SEK 24,333 million. Consequently, the Group may be required to refinance its outstanding debt, including the Bonds, from time to time. Debt capital funding is always associated with the risk that it may not be possible to borrow the volume required at economically acceptable conditions or that attempts at refinancing using debt capital may fail totally or partially.

The Group's ability to refinance the Bonds at maturity depends on a number of factors, such as market conditions, the availability of cash flows from operations and access to additional debt and equity financing. Further, a downgrade in the Group's credit rating may negatively affect the ability to obtain future financing to fund the operations and capital needs, which may affect the Group's liquidity. It may also increase the financing costs by increasing the interest rates of outstanding debt or the interest rates at which the Group is able to refinance existing debt or incur additional debt. In addition, restrictions in relation to the Group's debt financing arrangements as well as adverse developments in the credit markets and other future adverse developments, such as the deterioration of the overall financial markets or a worsening of general economic conditions, could have a material adverse effect on the Group's ability to borrow funds as well as the cost and other terms of funding.

There can be no assurance that such funds will be available at a commercially reasonable cost, or at all and consequently, there can be no assurance that the Group will be able to refinance the Bonds when they mature.

Holding company risk

The Issuer is the ultimate parent company in the Group and does not carry out any income generating business operations of its own. This means that the Issuer's ability to make required payments on the Bonds and its other debts and funding (as well as financing its costs in general) is directly affected by the ability of its subsidiaries to transfer available cash resources to it. Such transfers of funds to the Issuer from its subsidiaries may be restricted or prohibited by legal and contractual requirements applicable to the subsidiaries from time to time, which may increase as a result of the Group's expansion into new jurisdictions with differing legal requirements or due to subsidiaries not being directly or indirectly wholly-owned by the Issuer. There is also a risk that limitations or restrictions on the transfer of funds between companies within the Group becomes more restrictive in the event that the Group experiences difficulties with respect to liquidity and its financial position. If this risk was to materialise it would have a material adverse effect on the Issuer's ability to make payments under the Bonds and other financings as they fall due.

Interest rate risks and benchmarks

The Bonds' value depends on several factors, one of the more significant over time being the level of market interest. The Bonds bear a floating rate interest of STIBOR plus a margin per annum and the interest rate is therefore adjusted for changes in the level of the general interest rate. Hence, there is a risk that changes in the general interest rate levels significantly affect the market value of the Bonds.

The determining interest rate benchmarks, such as STIBOR has been subject to regulatory changes such as the Benchmarks Regulation (Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds) (the "**BMR**"). The implementation of the BMR will lead to that certain previously used benchmarks will be discontinued, leading to that, among others, existing financing arrangements will have to be renegotiated or terminated. There is a risk that also STIBOR will be discontinued, or that alternative benchmark rates will dominate market practice, leading to uncertainties in relation to the interest rate payable in relation to the Bonds. Increased or altered regulatory requirements and risks associated with the BMR (as amended) involve inherent risks, as the effects cannot be fully assessed at this point in time. There is a risk that developments in relation to STIBOR cause volatility in STIBOR, which would affect the interest rate for the Bonds. Should STIBOR be discontinued, the Terms and Conditions provides for an alternative calculation of the interest rate for the Bonds. There is a risk that such alternative calculation results in interest payments less advantageous for the bondholders or that such interest payment do not meet market interest rate expectations.

Risks related to the admission of the Bonds to trading on a regulated market

Risks related to admission to trading and liquidity

The Issuer has undertaken to ensure that the Bonds are admitted to trading on the corporate bond list of Nasdaq Stockholm within a certain time period as stipulated in the Terms and Conditions (or if such admission to trading is not possible to obtain or maintain, admitted to trading on another regulated market). However, there is a risk that the Bonds will not be admitted to trading.

Further, even if securities, including the Bonds, are admitted to trading on the relevant market, there is not always active trading in the securities. Hence, and considering that the nominal amount of each bond is relatively high (SEK 1,250,000), there is an intermediate risk that the market for trading in the Bonds will be illiquid even if the Bonds are admitted to trading. In addition, as the Bonds are traded over-the-counter (OTC) there is a risk for smaller volume of trades in the Bonds. The above risks 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 they are admitted for trading.

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.

Risks related to the Bondholders' rights and representation

Financing, priority rights and unsecured obligations

Subject to the provisions set out in the Terms and Conditions, the Issuer and its subsidiaries may maintain and incur additional financing and retain, provide or renew security over its current or future assets to secure such financing. Any such secured financing will rank senior to the Bonds and the security interests provided therefor will normally constitute a preferential claim on the borrower. Furthermore, if the Issuer's subsidiaries incur debt, the right to payment under the Bonds will be structurally subordinated to the right of payment relating to debt incurred by subsidiaries of the Issuer.

The Bonds constitute unsecured debt obligations of the Issuer and no present or future shareholder or subsidiary of the Issuer will guarantee the Issuer's obligations under the Bonds. If the Issuer becomes subject to any foreclosure, dissolution, winding-up, liquidation, bankruptcy or other insolvency proceedings, the Bondholders normally receive payment after any prioritised creditors, including those which are mandatorily preferred by law, have been paid in full. Furthermore, following prioritised creditors receiving payment in full, the Bondholders will have an unsecured claim against the Issuer for the amounts due under or in respect of the Bonds, which means that the Bondholders normally would receive payment pro rata with other unsecured creditors.

All of the above could have a negative impact on the Bondholders' recovery under the Bonds and there is a risk that a Bondholder loses the entire or parts of its investment in the event of the Issuer's liquidation, bankruptcy or company reorganisation.

Structural subordination and insolvency of subsidiaries

In the event of insolvency, liquidation or a similar event relating to one of the Issuer's subsidiaries, all creditors of such company would be entitled to payment in full out of the assets of such company before the Issuer, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of such subsidiaries. Defaults by, or the insolvency of, certain subsidiaries or other associates of the Issuer may result in the obligation of the Issuer to make payments under financial or performance guarantees in respect of such companies' obligations or the occurrence of cross defaults on certain borrowings of the Group. There is a risk that the Issuer and its assets would not be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise.

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