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**To the Bondholders in:**

**ISIN: NO0011093718                      - AXACTOR ASA SENIOR UNSECURED EUR 400,000,000  
BONDS 2021/2026 (the "Bond Issue")**

Oslo, 17 August 2023

## **SUMMONS TO BONDHOLDERS' MEETING– AMENDMENT OF THE INTEREST COVER RATIO AND TOTAL SECURED LOAN TO VALUE RATIO**

### **1 INTRODUCTION**

Nordic Trustee AS acts as bond trustee (the **"Bond Trustee"**) in the above-mentioned Bond Issue issued by Axactor ASA (previously Axactor SE) (the **"Issuer"**, the **"Company"** or **"Axactor"**) pursuant to the bond terms dated 15 September 2021 (the **"Bond Terms"**).

Unless otherwise stated herein, all capitalised terms used herein shall have the meaning ascribed to them in the Bond Terms. References to clauses and paragraphs are references to clauses and paragraphs of the Bond Terms unless otherwise stated.

A request for a Bondholders' Meeting is hereby made pursuant to Clause 15.2 (a)(i) (*Procedure for Arranging a Bondholders' Meeting*) of the Bond Terms to consider approval of the Proposal (as defined in Section 3 (*Proposal*) below).

*The information in this summons to a Bondholders' Meeting (the **"Summons"**) is provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information. Bondholders are encouraged to read this Summons in its entirety.*

### **2 BACKGROUND**

Axactor has had a positive start to 2023 delivering top-line growth, with gross revenue up 5% year over year first six months. Furthermore, the Company has continued to deliver best-in-class cost discipline, driving steady growth across EBITDA, EBTIDA-margin and Cash EBITDA. The performance is the result of several years of strong operational focus and comes despite of macroeconomic headwinds.

Axactor has also been working to actively manage its debt maturity profile with the EUR 545 million revolving credit facility (the **"RCF"**) recently refinanced at improved terms with maturity in 2026 and a potential for a two-year extension. Additionally, the Company has continued the bond buybacks initiated in 2022 (in the bonds with ISIN NO0010914666), with a total face value of EUR 13.5 million acquired in the first half of 2023. Total face value of treasury bonds held at the end of Q2 2023 was EUR 63.0 million. Axactor has today announced its intention to commence with the refinancing of ACR02 into a new NOK senior unsecured with maturity in 2027.

Over the last 12 months 3m EURIBOR has increased from 0.3% to 3.8%, as the ECB continue to combat high inflation. The steep increase has added materially to the Company's cost of debt; For H1 2023, interest expenses on borrowings made up EUR 36.5 million vs. EUR 27.8 million in H1 2022. Axactor holds interest rate caps as part of its hedging program to manage interest rate risk and holds two interest

rate caps with a strike of 0.5% EURIBOR with maturity 15 December 2023. The two contracts hedge the interest rate risk of EUR 573 million in borrowings, equalling a hedging ratio of 59%.

As the above mentioned interest rate hedges roll off, the full impact of the increased market rates will start to affect the Interest Cover Ratio. While Axactor is working diligently to mitigate the effects by targeting a maximum leverage of 3.5x and delivering robust growth in EBITDA and EBITDA-margins, the rate increases have come at a pace making it challenging to adjust fully to reflect the substantial shift in the global interest rate regime. As such, Axactor is seeking to adjust the Interest Cover Ratio covenant.

Axactor represents a compelling credit profile with an equity ratio of 28%, Total Loan to Value Ratio of 73%, Total Secured Loan to Value Ratio of 39% and a Leverage Ratio of 3.8x as of Q2'23 (LTM where relevant). The Company continues to perform well under these covenants and, as shown by the recent RCF refinancing, enjoys strong support from the bank lending syndicate. The adjustment to the Interest Cover Ratio covenant from 4.0x to 3.0x is in line with the level recently implemented by some of its peers and, in combination with the three other covenants, will continue to offer strong protection to the Bondholders.

In addition to the below-mentioned amendment fee, the Company is offering to tighten the Total Secured Loan to Value Ratio covenant from 65% to 60% as compensation for the adjustment of the Interest Cover Ratio, thus improving the Bondholders relative position in the structure.

This Summons sets out the proposed amendments to the Bond Terms.

### 3 PROPOSAL

Based on the above, the Issuer has requested the Bond Trustee to summon a Bondholders' Meeting to propose (the "**Proposal**") that:

- (a) paragraph (a) (i) of Clause 13.13 (*Financial Covenants*) of the Bond Terms is amended by reducing the Interest Cover Ratio from minimum 4.0x to minimum 3.0x, and
- (b) paragraph (a) (iv) of Clause 13.13 (*Financial Covenants*) of the Bond Terms is amended by reducing the Total Secured Loan to Value Ratio from maximum 65% to maximum 60%.

### 4 AMENDMENT FEE

As a compensation of the amendments included in the Proposal, the Issuer offers to pay to the Bondholders a one-time amendment fee of 0.25% of the Nominal Amount of the Outstanding Bonds, payable pro rata to the Bondholders 10 Business Days after the Proposed Resolution has been approved and with record date at the end-of-business 2 Business Days before such payment.

### 5 EFFECTIVE TIME

The amendments to the Bond Terms contemplated by the Proposal shall become effective from the date of which the following conditions precedent have, in the Bond Trustee's sole discretion, been satisfied, delivered or waived:

- (a) the Bondholders have approved the Proposal by way of a Bondholders' Meeting; and
- (b) an amendment agreement to the Bond Terms (the "**Amendment Agreement**"), including customary conditions precedent, have been duly executed by the Issuer and the Bond Trustee.

### 6 THE BOND TRUSTEE'S DISCLAIMER/NON-RELIANCE

The request for acceptance of the Proposal is presented to the Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the

Bondholders from the Bond Trustee. The Bondholders must independently evaluate whether the Proposal is acceptable and vote accordingly.

## 7 FURTHER INFORMATION

For further information about the Issuer, please visit the Issuer's website at [www.axactor.com](http://www.axactor.com) to see the Q2 2023 financial report.

For further questions to the Bond Trustee, please contact please contact Vivian Trøsch at [Trosch@nordictrustee.com](mailto:Trosch@nordictrustee.com).

The Issuer has engaged Arctic Securities AS (“**Arctic**”), DNB Bank ASA (“**DNB**”) and Nordea Bank Abp, filial i Norge (“**Nordea**”) as the Issuer’s financial advisors (together, the “**Advisors**”) with respect to the Proposal. Bondholders may contact either of the Advisors for further information as follows:

Arctic: Thomas Alexander Hasner, [thomas.hasner@arctic.com](mailto:thomas.hasner@arctic.com)

DNB: Christoffer B. Skaarer, [christoffer.branas.skaarer@dnb.no](mailto:christoffer.branas.skaarer@dnb.no)

Nordea: Kristoffer Johansen, [Kristoffer.Johansen@nordea.com](mailto:Kristoffer.Johansen@nordea.com)

The Advisors are acting solely for and relying on information from the Issuer in connection with the Proposal. No due diligence investigations have been carried out by the Advisors with respect to the Issuer, and the Advisors do not assume any liability in connection with the Proposal (including but not limited to the information contained herein).

## 8 BONDHOLDERS’ MEETING

Bondholders are hereby summoned to a Bondholders’ Meeting:

**Time:** 31 August 2023 at 13:00 hours (Oslo time),  
**Place:** The premises of Nordic Trustee AS,  
 Kronprinsesse Märthas Plass 1, 0161 Oslo - 7<sup>th</sup> floor

### Agenda

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Request for adoption of the Proposal

**It is proposed that the Bondholders’ Meeting resolve the following (the “Proposed Resolution”):**

*“The Proposal (as defined in section 3 (Proposal) of this Summons) is approved, subject to the conditions set out in section 5 (Effective time) of this Summons.*

*The Bond Trustee is authorized to take any action, negotiate, finalize, enter into and deliver the Amendment Agreement and any other agreements, notices, arrangements or other documentation as it deems necessary or desirable to effect the Proposal in its sole discretion”*

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To approve the above Proposed Resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the Bondholders’ Meeting must vote in favour of the Proposed Resolution. In order to have a quorum, at least 5/10 of the Voting Bonds must be represented at the

Bondholders' Meeting. If the Proposed Resolution is not adopted, the Bond Terms and other Finance Documents will remain unchanged.

Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (If the bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the bonds, (ii) the aggregate nominal amount of the bonds and (iii) the account number in VPS on which the bonds are registered.)

The individual bondholder may authorise the Nordic Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A scan of the duly signed Bondholder's Form, authorising Nordic Trustee to vote, must then be returned to Nordic Trustee in due time before the Bondholders' Meeting is scheduled by e-mail to [mail@nordictrustee.com](mailto:mail@nordictrustee.com).

At the Bondholders' Meeting votes may be cast based on Bonds held at close of business on the day prior to the date of the Bondholders' Meeting. In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to Nordic Trustee, to notify Nordic Trustee by telephone or by e-mail ([mail@nordictrustee.com](mailto:mail@nordictrustee.com)) within 16:00 hours (4 pm) (Oslo time) the Business Day before the Bondholders' Meeting takes place.

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Yours sincerely,  
**Nordic Trustee AS**



Vivian Trøsch

Enclosed:      Bondholder's form