

# VNV Global

## Presentation to bondholders

November 2022

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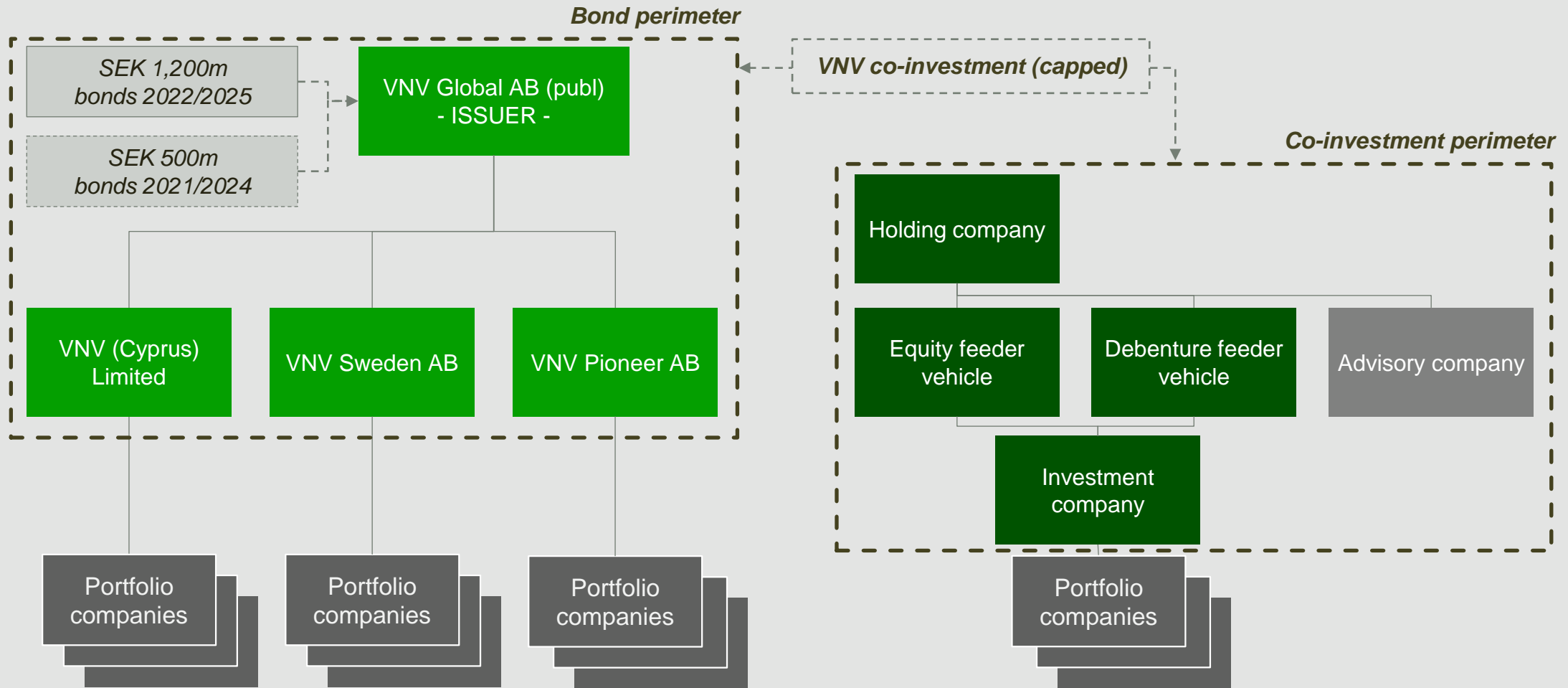
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# Background to the Amendments

- VNV Global AB (publ) (“**VNV**” or the “**Group**”) is currently exploring alternatives to widen its addressable investor base
- At present, VNV fundraises exclusively from public investors, but the Group sees potential to tap private markets in parallel to get access to different pools of capital
- Typically, private markets investors are unable to participate in listed equity due to hurdles such as fund mandates or tax considerations (e.g. Swedish withholding tax on dividends)
- To address the limitations of these investors and reach a wider investor base for future investments, VNV is contemplating to establish one or several co-investment vehicles which would sit within the VNV Group but be legally separate from the rest of the Group
  - The co-investment vehicles would raise money from external investors to make investments in existing or new portfolio companies of VNV
  - VNV would have the option, but no obligation, to participate in the co-investment vehicles alongside external investors
- The co-investment vehicles would be funded with (i) equity or (ii) debentures (Sw: *kapitalandelslån*) which will give the providers of such instruments a return based on the development of the underlying asset (i.e. quasi-equity)
- The co-investment vehicles are expected to be structured as closed-ended funds or any other similar suitable structure, with exact terms still to be determined
  - VNV expects to benefit from the equivalent of carried interest in the vehicles

# Envisaged co-investment structure



Note: Contemplated structure which may be subject to change.

# Bondholder considerations



- The co-investment vehicles will be fully ring-fenced from the current VNV Group
  - Any losses in a co-investment vehicle will be limited to the funds raised in the respective vehicle (where VNV may or may not have participated)
  - Debentures issued in any co-investment vehicle will have no claim on the VNV Group or any of VNV's assets
  - Distributions to external investors in any co-investment vehicle can amount to at most the initial investment made by the external investors and any return made on such investment
- VNV's balance sheet will be affected by the co-investment vehicles only to the extent VNV participates in a co-investment vehicle, in which case VNV's *pro rata* share of the co-investment vehicle (and any returns) will be reflected on the Group's consolidated balance sheet
  - Any external investors' participation (regardless of in the form of debentures or equity) will not be reflected on the Group's balance sheet or affect the covenants under the Group's outstanding bonds
- VNV expects to benefit from the equivalent of carried interest in the co-investment vehicles
  - This means that VNV will be eligible to receive a certain share of any net positive returns in the respective co-investment vehicle
  - Any returns paid out to which VNV is entitled must remain in the VNV Group or be reinvested in a co-investment vehicle

# Bondholder considerations (cont'd)

- VNV is of the view that the contemplated co-investment vehicle structure and, by extension, the Amendments, carry benefits to the Group and for Holders, as they will:
  - Enable VNV to tap into new pockets of capital
  - Strengthen VNV's ability to (indirectly) support portfolio companies and ensure funding rounds are fully subscribed
  - Enable VNV to participate in larger funding rounds
  - Provide upside beyond VNV's own invested capital in terms of carried interest on the entire invested amounts in the co-investment vehicles
- Importantly, VNV considers the Amendments to be risk neutral for Holders as:
  - The co-investment vehicles will be fully ring fenced and offer no scope for leakage out of the bond perimeter
  - External participants in the co-investment vehicles will have no claim on the VNV Group or any of its assets
  - VNV's ability to invest directly in the co-investment vehicles will be strictly limited

# Summary of the Amendments

- Under the Terms and Conditions of the Group's outstanding bonds (the "T&Cs"), some of the co-investment entities would in most cases qualify as Subsidiaries of the Group, despite VNV having no decisive influence over such entities
  - Moreover, funding these entities with debentures is currently not allowed, despite such instruments being quasi-equity securities
- To facilitate the implementation and operation of the co-investment vehicle structure, including enabling debenture incurrence, avoiding balance sheet consolidation (except VNV's *pro rata* share), allowing distributions from co-investment vehicles to investors, and provide visibility vis-à-vis Holders as regards VNV's capacity to participate in co-investment vehicles, VNV proposes that:
  - The definition of Subsidiary be amended to exclude the abovementioned co-investment vehicles from the definition of the Group
  - A new special undertaking is inserted (i) capping VNV's aggregate participation in any co-investment vehicles at USD 5.0m, and (ii) requiring VNV to procure that any net returns to which VNV is entitled which are paid out from a co-investment vehicle be transferred to the Group or reinvested in a co-investment vehicle
  - Certain other necessary ancillary adjustments are made to the T&Cs
- As elaborated on in this Presentation, VNV is of the view that the contemplated co-investment vehicle structure and, by extension, the Amendments, are positive for the Group and for Holders
- Subject to approval of the written procedure and successful implementation of the Amendments, VNV will pay to Holders a consent fee equivalent to 0.10% of the outstanding nominal amount, paid *pro rata* to each Holder