

SWEDEN

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1. What are the main structures for mergers and acquisitions (M&A) transactions available under local law, and what are their key distinctions?

Swedish M&A transactions involving private companies are typically structured as either share transfers or asset transfers. Statutory mergers and demergers under the Companies Act (2005:551) are common in intragroup restructurings but are rarely used in M&A as they give less flexibility in terms of timing and confidentiality. Amalgamation and scheme of arrangement are not used in Sweden. The choice of transaction structure is often tax driven, with share deals being the most common choice when acquiring private companies due to greater flexibility than an asset transfer where, for example, consent from third parties and employee consultations are generally required.

- **Share Purchase Agreement (SPA).** A share deal involves the transfer of the shares in the target, including all its assets and liabilities. Risks and liabilities the buyer is unwilling to assume must be addressed through contractual risk allocation or transaction structuring (e.g. carve-outs). There are no statutory formal requirements for share transfers under Swedish law. However, there could be transfer restrictions in the articles of association or shareholders' agreements that need to be considered.
- **Asset Purchase Agreement (APA).** An asset deal requires identification of the assets and liabilities to be included in the transfer. This structure allows for greater selectivity compared to a share deal, since unwanted assets or liabilities can be excluded. Transfer logistics are usually more complex, since each asset class has different requirements to perfect the transfer (e.g. consent from third parties, registrations and relocation of physical assets) and employee consultations are generally required.

For Swedish public M&A transactions, the most common structure is a public takeover. A public takeover offer is formally launched through publication of a press release setting out the principal terms and conditions of the offer. Upon publication, the bidder becomes legally bound by the terms announced. Within four weeks of the announcement of the offer, the bidder must prepare an offer document and submit it to the Swedish Financial Supervisory Authority (SFSA) for approval. If a bidder acquires more than 90% of the shares, it may initiate compulsory squeeze-out through arbitration, and minority shareholders have a corresponding sell-out right at the same threshold.

2. How would you describe the current M&A market in Sweden?

Sweden's M&A market remains attractive for domestic and international investors. Political stability, a robust legal framework and commitment to innovation, coupled with a strong tech sector and access to capital, an expanding defence industry and a highly skilled workforce, make Sweden a hub for M&A activity.

The Swedish M&A market typically sees 1,500 to 1,600 transactions announced annually. Sweden is also known for its strong IPO activity and attractive bond market. Tech-driven deals play a significant role, and Stockholm – often referred to as the “unicorn factory” – has continued to foster high-value start-ups such as Klarna and Spotify, and more recently AI companies like Lovable and Legora.

3. What major trends have you seen in the past 12–24 months?

In 2025, the Swedish M&A market was characterised by high volatility, which can largely be attributed to geopolitical uncertainties which shifted investor sentiment throughout the year. After a cautious start, which saw a decline in M&A activity towards the summer, the second half of 2025 witnessed a notable increase in dealmaking.

During 2025, the valuation gap between buyers and sellers widened, as buyers priced in risk more quickly than sellers adjusted expectations. This contributed to friction in getting deals across the line and explains the increase in earn-out structures as tools to bridge valuation gaps.

4. What are your predictions for the M&A market in the next 12–24 months?

The resurgence in dealmaking towards the end of 2025 provides a positive outlook for 2026. Increased spending on defence, infrastructure and nuclear energy positions Sweden for continued M&A growth.

Private equity is expected to play a particularly important role in 2026. Dry powder and extended holding periods have resulted in elevated pressure across Nordic PE funds, with market consensus pointing to increased exit activity, add-on acquisitions and also alternative exit routes such as continuation vehicles.

Tech-driven deals will continue to play a significant role, with Sweden's start-up ecosystem serving as a catalyst. The carbon-free energy sector is expected to experience continued growth, driven by Sweden's commitment to expand nuclear power, with plans for new nuclear plant development and removal of the ban on uranium mining. Moreover, the defence sector and broader industrial sector is expected to further impact Sweden's M&A market going forward, driven not only by defence spending but also by infrastructure investment, supply chain resilience and nearshoring trends. Such deals will attract significant regulatory scrutiny requiring careful structuring and planning.

5. What are the key laws and regulations governing M&A?

Swedish private M&A transactions are governed mainly by the Sale of Goods Act (1990:931), the Contracts Act (1915:218), and the Companies Act as well as general principles of contract law. The Sale of Goods Act is not mandatory and is typically set aside by the parties. The overarching principle of freedom of contract allows parties substantial flexibility to negotiate and structure deals in order to satisfy commercial and strategic objectives.

For public M&A transactions, the main body of the Swedish takeover legislation is based primarily on the EU Takeover Directive (2004/25/EC).

Swedish M&A transactions may require suspensory regulatory approvals from various governmental authorities, depending on the nature of the target's business. Common authorities that oversee M&A activity include:

- **The Swedish Competition Authority.** Reviews mergers and acquisitions to ensure compliance with competition law and prevent anti-competitive market concentrations.
- **Inspectorate of Strategic Products (ISP).** Sweden's screening authority for foreign direct investments and controls exports of military equipment and dual-use products.
- **Swedish Financial Supervisory Authority (SFSA).** Supervises the financial market, grants licences and reviews acquisitions of regulated companies in the financial services sector.
- **The Swedish Securities Council.** Promotes good practice in the Swedish stock market through rulings, advice and information. It is part of the Swedish self-regulation system on the stock market and is delegated with the authority to issue rulings on certain issues in connection with public takeovers.

6. What forms of consideration are commonly used? Are there restrictions on non-cash consideration?

In Swedish M&A, cash is the most common form of consideration. In public takeovers, a bidder may offer cash, shares or a combination of both, as consideration to the shareholders in the target. Subject to the principle of equal treatment of shareholders, there are generally no restrictions on the use of non-cash consideration for public takeovers, provided that, for mandatory bids, there must always be an alternative entitling the shareholders to cash consideration.

- **Cash.** Dominant form of consideration, used in the vast majority of share deals.
- **Earn-outs.** Commonly used to bridge valuation gaps, particularly when there is uncertainty regarding the target's future performance. Final consideration depends on future financial or operational metrics, with EBITDA and revenue being most common.
- **Consideration shares/Share Swap.** Buyer pays with its own shares (either in part or in full). Typically structured through a new issue of shares in the buyer, directed to the seller. This is more attractive when the buyer is a listed company.
- **Vendor loan.** Buyer pays by issuing a promissory note. Parties agree on repayment terms, deferring payment of the purchase price.
- **Escrow.** While increasingly uncommon in Swedish M&A transactions due to increased regulatory complexity, escrow solutions allow buyers to reduce risk by placing part of the consideration in an escrow account as security for claims under the transaction documents.

The Companies Act's financial assistance rules impose restrictions on the use of a Swedish target's own resources for acquisition financing. This prevents "upstream financing", including leveraged buyout structures where the target's assets or cash flow are used to finance the acquisition, and any such arrangements require careful consideration.

7. What is the typical scope and focus of due diligence?

In Swedish private M&A, the scope of legal due diligence is rather standardised, focused on identifying material issues to assess transaction risks and to determine the appropriate indemnity and warranty protection. The focus depends on the nature of the target's business and is typically tailored for each transaction. Legal due diligence typically covers title, financing arrangements, real estate, commercial agreements, intellectual property, employee arrangements, compliance and litigation. In recent years, privacy/GDPR, information security, anti-corruption and, to some extent, ESG have risen in prominence due to an increased focus on compliance in general.

Vendor due diligence has become increasingly common in auction processes, though buyers often find these less informative than buyer-led due diligence as typically only general descriptive legal guidance reports or fact books are provided (on a non-reliance basis).

For public M&A transactions, bidders are generally limited to publicly available information and confirmations from the target. The board decides if and to what extent the target should participate in the bidder's due diligence. Any inside information that is disclosed to the bidder must be made public in connection with the announcement of the tender offer.

8. How common are warranty and indemnity (W&I) insurance policies, and how do they affect negotiations of representations and warranties?

W&I insurance is very common in Swedish M&A and has become a standard feature in many deals for managing risk allocation and facilitating deal execution. Use of W&I has increased in recent years across all deal sizes and is especially common with private equity sellers seeking a clean exit.

The use of W&I insurance serves as an effective lubricant in negotiations, fundamentally changing the dynamics of warranty negotiations. Rather than negotiating warranties and liability caps directly with the seller, the buyer is (more or less) able to negotiate directly with the insurance provider, who typically takes a more pragmatic and cooperative approach to warranty coverage. Synthetic W&I products, with no involvement by the seller, are available, but typically come with a higher cost. The widespread use of W&I insurance has influenced Swedish M&A market practice, for example, with respect to longer warranty periods, cover for reasonably foreseeable indirect loss and use of multiples in loss calculation, supported by the fact that W&I policies often provide coverage for such.

9. Distinct from antitrust and competition law requirements, are there restrictions or review mechanisms for foreign buyers acquiring domestic businesses or assets?

Sweden's foreign direct investment regime under the Screening of Foreign Direct Investments Act (2023:560) ("FDI Act") aims to prevent foreign investments in Swedish protection-worthy activities that may harm Sweden's security or public order. Both Swedish and foreign investors must notify qualifying transactions. The notification obligation rests with the investor.

The FDI Act applies to direct and indirect investments where the target or any of its subsidiaries are incorporated in Sweden and involved in protection-worthy activities, **and** the investor acquires at least 10% of the votes (or increases its number of votes to 20%, 30% 50%, 65% or 90%) or otherwise gains influence over the target. Protection-worthy activities include military equipment, dual-use products, large-scale processing of sensitive personal or location data, critical minerals extraction and processing, emerging technologies, and critical sectors such as energy, telecommunications, IT infrastructure, transportation, healthcare and finance. In Sweden, the FDI regime has been criticised for being too vague regarding which activities are protection-worthy, and too broad in relation to which transactions are caught. Even internal restructurings are caught by the regime if the activities are protection-worthy and the relevant thresholds are met.

Transactions subject to the FDI Act are subject to a mandatory standstill obligation and cannot be completed before approval is obtained. A prohibition issued by ISP invalidates any action forming part of the investment or having the purpose of implementing it. This does not apply to acquisitions on a regulated market, where the investor may instead be ordered to divest the target. Breach of the notification obligation, standstill obligation or prohibition order may result in penalty payments and administrative sanctions.

10. What are the major disclosure or announcement requirements for public M&A transactions?

Public M&A transactions in Sweden are subject to disclosure and announcement requirements under, *inter alia*, the Swedish Public Takeover Act (2006:451) (“Takeover Act”), applicable Swedish Takeover Rules, the Swedish Financial Instruments Trading Act (1991:980) (“Trading Act”) and the EU Market Abuse Regulation (596/2014/EU). Tender offers on regulated markets (e.g. Nasdaq Stockholm) are subject to stricter requirements than those on multilateral trading facilities. Pre-announcement of an intention or consideration to make a tender offer is not permissible unless there are reasons to believe that information has leaked, in which case a leak announcement may be made prior to the full press release announcing the offer.

A Swedish public takeover offer is formally launched through publication of a press release setting out the principal terms and conditions of the offer. A bidder may only announce an offer once it has ascertained that the consideration can be paid in full (certainty of funds requirement). Upon publication of the offer press release, the bidder becomes legally bound by the terms announced. Within four weeks of announcement, the bidder must prepare an offer document and submit it to the SFSA for approval. Following the offer document and the commencement of the acceptance period, the target’s board must publish a statement setting out its opinion on the offer (and the reasons therefore). The board may recommend, reject or remain neutral to the offer, and its statement is often supported by a fairness opinion by an independent financial advisor.

Under the Trading Act, a shareholder in a Swedish company listed on a regulated market is obliged to submit major shareholding notifications concerning changes to their holdings. The thresholds are 5%, 10%, 15%, 20%, 25%, 30%, 50%, 66.67% and 90% of the voting rights or number of shares in a company. This disclosure regime makes secret stake building difficult.

11. How are public takeovers regulated, and what are the main procedural requirements?

Public takeovers in Sweden are primarily governed by the Takeover Act and the applicable Swedish Takeover Rules, as well as good practice in the Swedish stock market established by the Swedish Securities Council. The regulatory framework is centred around fundamental principles of equal treatment of shareholders, transparency and board neutrality. All target shareholders must receive identical consideration per share in both form and value. The target board's fiduciary duties encompass that it may not favour one bidder over another without objective justification but may engage with competing bidders to negotiate improved terms if it is considered to be in the interests of all shareholders.

Tender offers can be either voluntary or mandatory. A mandatory offer is triggered when a shareholder acquires 30% or more of the votes in a listed company. Swedish tender offers can be conditional. For voluntary offers, conditionality is most commonly tied to regulatory approvals and acceptance thresholds, while mandatory tender offers may only be conditional upon regulatory approvals. Typically, an acceptance threshold of over 90% is required to enable minority squeeze-out. The acceptance period may not be shorter than three weeks (four weeks if related party rules apply) and may be extended by the bidder. After announcement, withdrawal of an offer is permitted only if a material condition clearly cannot be satisfied.

Under the Takeover Act, the target is prohibited from taking "defensive measures", that is, actions that are intended to impair the conditions for launching or implementing the bid (such as directed share issues, share buybacks and acquisition or disposal of material assets) without prior approval by the general meeting. The target may not enter into "bid-related arrangements" that tie the target to a specific bidder. Break fees, exclusivity undertakings and "no-shop" clauses that restrict the target from soliciting or engaging with competing bidders are generally prohibited.

If a bidder acquires more than 90% of the shares, it may initiate compulsory squeeze-out through arbitration, and minority shareholders have a corresponding sell-out right. Rules on equal treatment, including floor price for shares acquired outside the offer, further reinforce minority protection.

12. How are M&A disputes commonly resolved? Are there preferred dispute resolution forums or governing laws?

Sweden is considered a mature and active M&A market, with a favourable litigation regime and internationally recognised enforceability.

Swedish M&A transactions are predominantly governed by Swedish law, which is widely accepted also by non-Swedish buyers and sellers. The parties are free to choose other governing law but would still need to observe mandatory Swedish law to the extent applicable (e.g. to perfect a share or asset transfer).

The vast majority of Swedish M&A disputes are resolved by arbitration, typically under the Arbitration Institute of the Stockholm Chamber of Commerce's (SCC) rules. Arbitration is the preferred choice mainly due to confidentiality and speed. SCC arbitrators also typically have M&A expertise.

13. What role are emerging technologies playing in shaping upcoming M&A opportunities or challenges locally?

Emerging technologies are increasingly shaping M&A activity in Sweden, and companies are pursuing acquisitions to accelerate digital transformation, strengthen AI capabilities and enhance sustainability efforts. In particular, AI has become a recurring theme in the Swedish M&A market. From a strategic perspective, acquisitions are increasingly used to secure access to AI-enabled solutions, specialised know-how and data-driven capabilities.

14. Are there any other significant corporate M&A considerations in Sweden?

In Swedish M&A transactions, the purchase agreement typically states that a buyer cannot make a claim for a breach of warranty if the fact or circumstance causing the breach was fairly disclosed in the data room, or if the buyer had actual knowledge of such fact or circumstance at signing, that is, the buyer's actual knowledge operates to qualify the warranties (but not specific indemnities). As a consequence, disclosure letters are uncommon in Swedish M&A, even if foreign buyers sometimes request them.

Tax covenants and general tax indemnities are notably uncommon in Swedish M&A. Tax matters are typically covered by general tax warranties. If specific tax risks are identified, these are typically covered by specific indemnities or reflected in the valuation. In severe cases, the deal might be structured as an asset deal (instead of a share deal) to avoid taking over historical tax exposure.

Material Adverse Change (MAC) clauses are also exceptionally rare in Swedish M&A.

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Corinne is a partner at Gernandt & Danielsson, with 20 years of experience in private and public M&A. Corinne specialises in complex cross-border transactions and has extensive experience in advising international and domestic PE funds as well as industrial companies, investors and family offices, in segments such as fintech/payments, technology and Software as a Service (SaaS). Corinne also regularly advises on corporate law issues and commercial contracts. Corinne is ranked among Sweden's leading lawyers for corporate/M&A, a member of the Swedish Bar Association and a regular university lecturer.

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