



# INVITATION TO ACQUIRE SHARES IN LMK Group AB (publ)

Joint Global Coordinators and Joint Bookrunners



Exclusive Retail Distributor



Nasdaq First North Premier Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Premier Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Premier Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Premier Growth Market have a Certified Adviser who monitors that the rules are followed. FNCA Sweden AB is the Company's Certified Adviser. Nasdaq Stockholm AB approves the application for admission to trading on Nasdaq First North Premier Growth Market.

## IMPORTANT INFORMATION

### Information for investors

This prospectus (the "Prospectus") has been prepared in connection with the offering to the general public in Sweden and the application for listing on Nasdaq First North Premier Growth Market of the shares in LMK Group AB (publ) (a Swedish public limited liability company) (the "Offer" or the "Offering"). "LMK Group", the "Company" or the "Group" refers, depending on the context, to LMK Group AB (publ), the group of which LMK Group AB (publ) is the parent company or a subsidiary of the group. The term "Principal Shareholder" refers to Herkules Capital, through Herkules Private Equity IV (Jersey-I) L.P. and Herkules Private Equity IV (Jersey-II) L.P. "Selling Shareholder" refers to the Principal Shareholder, Creandum II L.P. and Creandum II Kommanditbolag (together referred as "Creandum"), and Acton GmbH & Co. Heureka KG ("Acton Capital"). "Joint Global Coordinators" or "Joint Bookrunners" refers to Bryan, Garnier & Co ("Bryan Garnier"), and Pareto Securities ("Pareto"). "Certified Adviser" refers to FNCA Sweden AB. For more defined terms, please see the section "Definitions".

The Offer is not intended for the public in countries other than Sweden and such other jurisdictions in the European Economic Area in which the Company, at its own discretion, may resolve to take necessary actions in order to make a public offer permitted. Nor is the Offer intended for persons whose participation requires additional prospectuses, registrations or other measures other than those required by Swedish law. The Prospectus, the application form and/or other documents connected to the Offer may not be distributed in any country where the Offer requires measures as described above or contravenes the rules in these countries. No measure has been nor will be taken in any jurisdiction besides Sweden that would allow an offering of shares to the public, holdings of shares, distribution of the Prospectus or other information relating to the Offer, the Company or the shares in any such jurisdiction. Applications to acquire shares in violation of the above may be deemed invalid. Persons receiving copies of the Prospectus are required, by the Company and the Joint Global Coordinators, to inform themselves about, and comply with, such restrictions. Neither the Company, the Principal Shareholder nor any of the Joint Global Coordinators assume any legal responsibility for any violations of such restrictions, irrespective of whether such violations are made by a potential investor or anyone else.

This Prospectus is not or is not part of any offering to issue or to sell, or an appeal for an offering to buy, sell or subscribe, any securities in the United States or any other jurisdiction where it would not be allowed to do so. The shares in the Offer have not been registered and will not be registered under the from time to time applicable United States Securities Act of 1933 (the "Securities Act"), or under any U.S. state securities laws or any other jurisdiction in the United States, and may not be offered, sold, or in any other manner transferred, directly or indirectly, in or to the United States, except in reliance on an applicable exemption from, or in a transaction not subject to, the registration requirements in the Securities Act, and in accordance with applicable state securities legislation or any other jurisdiction in the United States. The shares of the Company have neither been approved nor disapproved by the U.S. Securities and Exchange Commission, any U.S. State authority or any other U.S. authority. Nor has any of the mentioned authorities approved the benefits or the correctness or the suitability of the information of the Prospectus. Distribution of the Prospectus to persons other than those designated by the Joint Global Coordinators or their representatives, and persons having been appointed to give advice to such receiving persons concerning the Prospectus, is prohibited, and the disclosure of the contents of the Prospectus without prior written consent from the Company is prohibited. The Prospectus is personal for each receiver and does not constitute an offer to any other person or the public in the United States to acquire shares in the Offer.

The Offer and the Prospectus are regulated by Swedish law. Disputes arising from the Offer or the Prospectus shall be settled exclusively by Swedish courts.

A Swedish language version of the Prospectus has been approved by the Swedish Financial Supervisory Authority in accordance with Regulation (EU) 2017/1129 (the "Prospectus Regulation"). The approval of the Prospectus by the Swedish Financial Supervisory Authority extends only insofar as to the standards of completeness, comprehensibility and consistency as laid out in the Prospectus Regulation. The approval is not to be regarded as support in any kind of the issuer or the quality of the securities referred to in the Prospectus. Investors are advised to their own assessment of whether an investment in these securities are suitable.

The Prospectus has been prepared in Swedish and English language versions. In the event of any discrepancies between the versions, the Swedish version shall prevail.

### Stabilisation

In connection with the Offer, Pareto, in its capacity as stabilisation agent (the "Stabilisation Agent"), may, to the extent permitted under Swedish law, carry out transactions in order to stabilise, maintain, or otherwise support the market price of the Company's shares for up to 30 days after the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market. The Stabilisation Agent may over-allot shares or carry out transactions in order to maintain the market price of the shares at levels above those which might otherwise prevail in the open market. The Stabilisation Agent is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transaction may be carried out on any securities market, over-the-counter market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice, but must be ended upon the expiry of the above-mentioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, the Stabilisation Agent shall disclose that the stabilisation transactions have been undertaken in accordance with Article 5(4) in EU's Market Abuse Regulation 596/2014 ("MAR") and the Commission Delegated Regulation (EU) 2016/1052. Within one week of the end of the stabilisation period, the Stabilisation Agent will make public whether or not stabilisation was undertaken, the date on which stabilisation commenced, the date on which stabilisation was lastly undertaken, the price range within which the stabilisation was carried out for each day that stabilisation was undertaken, and, when applicable, the market place or market places where the stabilisation transactions were undertaken. Except as required by law or regulation, neither the Joint Global Coordinators nor the Stabilisation Agent will disclose the extent of any stabilisation and/or over-allotment transactions concluded in relation to the Offer.

### Presentation of financial information

Unless otherwise stated herein, no financial information in the Prospectus has been audited or reviewed by the Company's auditor. Financial information relating to the Company in the Prospectus and that is not part of the information that has been audited or

reviewed by the Company's auditor in accordance with what is stated herein, has been collected from the Company's internal accounting and reporting system. Figures reported in the Prospectus have in some cases been rounded and therefore the tables do not necessarily always add up exactly.

### Forward-looking information

The Prospectus contains forward-looking statements. Forward-looking information refers to all statements in the Prospectus which do not refer to historical facts and events, and statements which are attributable to the future, such as expressions as "deem", "assess", "expect", "await", "judge", "assume", "predict", "can", "will", "shall", "should or ought to", "according to estimates", "consider", "may", "plan", "potential", "calculate", "as far as is known" or similar expressions suitable for identifying information that refers to future events. This applies in particular to statements in the Prospectus referring to future results, financial position, cash flow, plans and expectations for LMK Group's business and management, future growth and profitability and general economic and regulatory environment and other circumstances which affect the Company.

Forward-looking statements are based on current estimates and assumptions which are based on the Company's current intelligence. Such forward looking statements are subject to risks, uncertainties and other factors which may result in actual results, including the Company's financial position, cash flow and profitability, deviating considerably from the results which expressly or indirectly form the basis of, or are described in, statements, or may result in the expectations which, expressly or indirectly, form the basis of or are described in statements not being met or turning out to be less advantageous compared to the results, which expressly or indirectly formed the basis of or were described in the statements. LMK Group's business is exposed to a number of risks and uncertainties which may result in forward-looking statements being inaccurate or an estimate or calculation being incorrect. Therefore, potential investors should not place undue reliance on the forward-looking statements herein and are strongly advised to read the following sections in the Prospectus: "Summary", "Risk factors", "Market overview", "Business description", "Selected financial information" and "Operating and financial review", which include a more detailed description of factors which have an effect on the Company's business and the market in which the Company operates. The Company, the Principal Shareholder and the Joint Global Coordinators cannot in any way guarantee the correctness of the statements about future events made herein or as concerns the actual outcome of any predicted developments.

The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based, unless required to do so by applicable law or Nasdaq's Nordic North Growth Market Rulebook. All subsequent forward-looking statements, written and oral, attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the Prospectus.

### Sector and market information

The Prospectus contains information from third parties in the form of sector and market information, as well as statistics and calculations obtained from sector reports and studies, market surveys, publicly available information and commercial publications. Such statements can be identified by references to their respective sources.

Certain information about market shares and other statements in the Prospectus including information relating to the sector in which the Company operates and the Company's position compared to its competitors, is not based on published statistics or information from independent third parties, and therefore lacks source references. Information and statements of this kind reflect the Company's best estimates based on the information obtained from customers, authorities, trade and business associations and other contacts in the sector where the Company competes and information which has been published by the Company's competitors. The Company believes that such information and such statements are useful in helping investors understand the sector in which the Company operates and the Company's position in the sector. However, the Company has no access to the facts and assumptions behind the figures, market information and other information retrieved from publicly available sources. Nor has the Company independently verified the information about the market provided by third parties or the sector, or generally available publications. Even if the Company believes that these internal analyses are reliable, they have not been verified by any independent source and the Company cannot guarantee their correctness.

Neither the Company, the Principal Shareholder or the Joint Global Coordinators have themselves verified, and thus, do not assume any liability for the correctness of any market share or sector information in the Prospectus. The Company confirms that information sourced by a third party has been accurately reproduced and that as far as the Company is aware, and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### Important information relating to sale of shares

Allotment is expected to occur on or about 29 March 2021. Shortly thereafter, transfer notes will be sent to those that have received allotment in the Offer. After payment for the allotted shares has been administered by Pareto, Aktieinvest and Avanza properly paid-up shares will be transferred to the securities account, service account, securities depository account or investment savings account designated by the purchaser. Due to the time required for the distribution of transfer notes, the transfer of payment and delivery of acquired shares to such purchasers, the acquired shares will not be available to the purchasers on the designated securities account, designated service account, designated securities depository account or designated investment savings account before on or about 31 March 2021 or a few days later.

It is expected that trading in the shares on Nasdaq First North Premier Growth Market will commence on or about 29 March 2021. The fact that the shares in some cases will not be available on the purchaser's securities account, service account, securities depository account or investment savings account prior to, at earliest, 31 March 2021, could mean that the purchaser will not have the opportunity to sell the shares on the marketplace as of the day on which trading in the shares begins but, rather, only when the shares have been made available on the securities account, service account, securities depository account or investment savings account. As of 29 March 2021 purchasers may receive notification of allotment from Pareto, Aktieinvest and Avanza. See also the section "Terms and conditions".

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Share capital and ownership	125	The Offer comprises up to 3,144,654 newly issued shares and up to 3,144,654 shares in the Company offered by the Principal Shareholder and the other Selling Shareholders. In addition, the Principal Share- holder and the other Selling Shareholders have granted an option to the Joint Global Coordinators to purchase up to 943,396 additional shares from the Principal Shareholder to cover any potential over-al- lotment in connection with the Offer (the " <b>Over-allot- ment Option</b> "). Provided that the Over-allotment Option is exercised in full, the Offer will comprise up to 7,232,704 shares, which corresponds to approxi- mately 57.05 per cent of the total number of shares in the Company after the Offer.
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# Summary

## Introduction and warnings

<b>Introduction</b>	The Prospectus concerns the invitation to acquire shares in LMK Group AB (publ) (the " <b>Company</b> "), with ISIN-code SE0015556873. The Company address is: Stormbyvägen 2, 163 55 Spånga, Sweden. The Company's LEI-code is: 529900HKIZBVX08VLG76.
<b>Competent Authority</b>	Finansinspektionen (the Swedish financial supervisory authority) (visiting address: Brunnsgatan 3, Stockholm, Sweden; postal address: Box 7821, 103 97 Stockholm, Sweden; e-mail: finansinspektionen@fi.se; telephone: 08-408 980 00) has approved the Swedish version of this prospectus as the competent authority under Regulation (EU) 2017/1129. The prospectus was approved on 16 March 2021.
<b>Warnings</b>	<p>This summary should be read as an introduction to the Prospectus (the "<b>Prospectus</b>"). Any decision to invest in the securities should be based on an assessment of the Prospectus in its entirety by the investor. The Investor risks losing all or part of the investment.</p> <p>Where a claim relating to information contained in the Prospectus is brought before a court of law, the plaintiff investor may, in accordance with national legislation, be forced to pay the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>

## Key information on the issuer

### Who is the issuer of the securities?

<b>Issuer information</b>	The Company is a Swedish public limited liability company (Sw. <i>publikt aktiebolag</i> ) with LEI-code: 529900HKIZBVX08VLG76. The Company was incorporated in Sweden and is subject to Swedish corporate law.
<b>The issuer's principal activities</b>	<p>LMK Group was founded in 2008 through the incorporation of the current subsidiary Carolinas Matkasse AB with the vision to simplify the customer's everyday life, by offering a large selection of inspiring meals directly delivered to their front door. The Group is as of today the largest supplier of mealkits in the Nordic countries and considers itself to be a leader in the field of Scandinavian "food-tech". The Group has operations in Sweden, Norway and Denmark operating under the brands Linas Matkasse, Godtlevvert, Adams Matkasse and RetNemt.</p> <p>As of December, 2020, LMK Group supplies fresh, healthy, flexible and adaptable mealkit solutions to around 115 000 active customers and 405 000 registered customers in Sweden, Norway and Denmark. The Group conducts its operations under the four (4) brands Linas Matkasse (Sweden), Godtlevvert and Adams Matkasse (Norway), and Retnemt Måltidskasser (Denmark). The Group's vision is that Scandinavian households should be able to take the time to prepare and eat good food together with their nearest and dearest, without having to get stressed, plan, shop or carry home bags of groceries. LMK Group's main product offering, meal kits, are delivered directly to the customer's front door at convenient times, and contain almost everything that is required to prepare inspirational meals using locally-selected and sustainable ingredients.</p>

## Who is the issuer of the securities?, cont.

### Issuer's major shareholders

The table below sets forth the shareholders who possess at minimum 5 % of the shares and the votes in LMK immediately before the Offer.

Shareholders	Before the Offer <sup>1)</sup>		After the Offer (assuming the Over-allotment Option is not exercised)		After the Offer (assuming the Over-allotment Option is exercised in full)	
	Number	%	Number	%	Number	%
Herkules Capital <sup>2)</sup>	2,687,377	28.19%	1,767,677	13.94%	1,469,348	11.59%
PopSpinach AB <sup>3)</sup>	1,842,766	19.33%	1,212,118	9.56%	922,316	7.27%
Rocky Beans AB <sup>4)</sup>	1,228,515	12.89%	808,081	6.37%	671,703	5.30%
Acton Capital	767,820	8.05%	505,050	3.98%	505,050	3.98%
Creandum <sup>5)</sup>	767,820	8.05%	505,051	3.98%	419,815	3.31%
Other shareholders	2,239,640	23.49%	1,591,307	12.55%	1,457,656	11.50%
New shareholders	0	0%	6,289,308	49.61%	7,232,704	57.05%
<b>Total</b>	<b>9,533,938</b>	<b>100%</b>	<b>12,678,592</b>	<b>100%</b>	<b>12,678,592</b>	<b>100%</b>

1) Provided that the dismantling takes place in accordance with what is described in the Prospectus.

2) Through Herkules Private Equity IV (Jersey-I) L.P. and Herkules Private Equity IV (Jersey-II) L.P. Herkules owns shares in the Company indirectly through Linas Matkasse Holding II AS.

3) PopSpinach AB owns shares in the Company both directly, and indirectly through Linas Matkasse Holding II AS.

4) Rocky Beans AB owns shares in the Company both directly, and indirectly through Linas Matkasse Holding II AS.

5) Through Creandum II L.P. and Creandum II Kommanditbolag.

### Key managing directors

The Company's board of directors comprises: Mathias Hedlund (Chairman), Charlotte Gogstad, Fredrik Kongsli, Gert W. Munthe och Therese Reuterswård.

The executive management group comprises: Walker Kinman (CEO), Erik Bergman (Chief Financial Officer), Alexander Aagreen (Chief Technology Officer), Claes Stenfeldt (Chief Supply Chain Management Officer), Ulrika Wallin (Chief Marketing Officer), Klaus Toft Nørgaard (Managing director RetNemt), and Vibeke Amundsen (Chief Operating Officer).

### Auditor

LMK Group's auditor is the registered audit firm KPMG AB (address Box 382, 101 27 Stockholm). Ingrid Hornberg Román, authorised public accountant and member of FAR (professional institute for authorised public accountants in Sweden), is the auditor-in-charge. KPMG AB has been the Company's independent auditor during the entire period referred to in the historic financial information of the Prospectus.

## Key financial information regarding the issuer

### Key financial information in summary

#### SUMMARY REPORT ON FINANCIAL RESULTS FOR THE GROUP

SEK thousands, unless otherwise indicated	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
Net sales	1,216,977	1,085,621	1,326,282
Operating profit (EBIT)	91,508	-145,240	-360,491
Net profit for the year	67,269	-177,039	-367,171
Net profit per share in SEK, before and after dilution <sup>2)</sup>	-11.71	-59.75	-97.04

1) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

2) Note that the calculation of net profit per share (before and after dilution) does not take into account the cancellation of ordinary shares, conversion of existing preferred shares and new issues which are the events scheduled in accordance with what is described in the Prospectus.

#### SUMMARY REPORT ON FINANCIAL POSITION OF THE GROUP

SEK thousands, unless otherwise indicated	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
Total assets	838,596	804,147	1,015,072
Total equity	280,229	265,879	442,033
Cash and cash equivalents at end of period	80,416	9,829	10,495

1) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

## Key financial information regarding the issuer, cont.

Key financial information in summary, cont.

### SUMMARY CONSOLIDATED CASH FLOW REPORT

SEK thousands, unless otherwise indicated	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
Cash flow from operating activities	122,231	29,426	-21,284
Cash flow from investment activities	-9,935	-11,626	-16,010
Cash flow from financing activities	-35,522	-19,118	-89
Cash flow of the year	76,774	-1,318	-37,383

<sup>1)</sup> Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

### SUMMARY KEY PERFORMANCE INDICATORS

SEK thousands, unless otherwise indicated	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
Net sales growth, %	12.1	-18.1	-
Net sales growth (adjusted for exchange rate differences), %	17.4	-18.7	-
Contribution margin	359,192	268,677	257,661
Contribution margin, %	29.5	24.7	19.4
Adjusted EBITDA	145,325	87,402	-21,645
EBIT-margin, %	7.5	-13.4	-27.2
Adjusted EBITDA-margin, %	11.9	8.1	-1.6
Working capital	-68,216	-65,348	-94,736

<sup>1)</sup> Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

## Specific key risk factors regarding the issuer

**Material risk factors specific to the issuer**

Key risks related to the Company's industry and business include, inter alia, the following:

- ◆ The Group operates in a very competitive industry, which includes a range of other food and meal-delivery companies. In the market for home delivery of mealkits, the Group currently has a very limited competitor in Norway, consisting mainly of smaller, local players, while there is a fierce competition in Sweden and Denmark. In recent years the competition has also increased significantly. There is a risk that the current extensive competition, as well as an even higher future competition, would increase the cost of sales, such as the cost of attracting new customers and retaining existing customers. Another risk is that the Group's competitors will gain new market shares in a faster pace than the market grows, which may lead to losses in market shares for the Group and reduced sales of the Group's products.
- ◆ Since the Group conducts its business in a highly competitive area, the reputation and the recognition of the Group's brands, and the customer's association of the brands with positive values, are of central importance for the growth and success of the business. Any harm to the Group's brands or reputation may adversely affect the Group's results, and there is a risk that negative publicity or negative announcements concerning the Group, for example, relating to the freshness of the ingredients, the quality of the meal kit or food contamination, may adversely affect the brands. Two of the Group's brands are currently strongly associated with two individuals, Carolina "Lina" Gebäck and Adam Bjerck. If these individuals, while still being the faces of the Group's products, or even thereafter, were to behave in a manner considered reprehensible by the general public or otherwise in conflict with the values the Group represents, the Group's brands and reputation may be damaged.

### **Specific key risk factors regarding the issuer, cont.**

#### **Material risk factors specific to the issuer, cont.**

- ◆ Handling foods imposes rigorous demands on traceability, hygiene and handling. Poor control in any part of the handling or the supply chain can result in contamination, allergic reactions or other types of damages. A functioning and efficient alarm system for handling deficiencies, which may involve risks in relation to food safety, is fundamental in order to conduct the business in a responsible and safe manner. As the meal kits contain fresh products, including meat, fish and dairy products, the business is particularly sensitive to products being spoilt, or the customers failing to properly store or thoroughly cook the delivered products before consumption, and failure by third party suppliers to comply with food safety, temperature control and other requirements when handling or transporting the Group's products. In case of a contamination or an alleged contamination of an ingredient the Group may be required to recall certain products or meal kits, which could be costly and adversely affect the Group's reputation and thus lead to reduced sales. Packaging errors or mislabeling of ingredients may cause customers to suffer allergic reactions and other health concerns and result in associated claims against the Group.
- ◆ The Group's main costs are attributable to food and the Group's earnings are directly related to the prices of groceries, fruit and vegetables. An essential part of, and a key process in, the Group's business model is efficient forecasting and food planning. To ensure sufficient access to a certain amount of, for example, a certain protein, purchasing forecasts need to be completed well ahead, often several months in advance. If the forecast were to deviate from the Company's actual needs it could lead to increased costs and shortages of goods, as well as an obligation to compensate suppliers for goods booked in advance, which the Company does not acquire at a later stage, and thus directly affects the cost of goods sold. There is further a risk that certain products, for various reasons, may become short in supply, and that the Group is unable to adapt to price fluctuations at short notice and that an increase in the Group's costs cannot be transferred to customers.
- ◆ The Group's production operations are located to a limited number of production units in Sweden, Norway and Denmark. The business is dependent on the reliability of the production units and delivery security is an important factor in the Group's service delivery, and in order to maintain good customer relationships. Interruptions or disruptions in production may make it difficult, or even impossible, for the Group to fulfill its obligations or live up to customer expectations and to deliver orders on time, or at all. This applies to a lesser extent in the event of disturbances at short notice, but especially if major production interruption lasting for a longer period of time were to occur. The Company has limited possibilities to reallocate production from one unit to another. This also restricts the Company, in the event of a production disruption due to faults or unavailability at another facility, from utilizing potential overcapacity by transfer of production.
- ◆ The sales of the Group's products are dependent on the purchasing power, purchase patterns and demands of its end consumers. Consumers tend to change their buying behavior as new consumption trends come and go. The Group's ability to compete is dependent on its capability to anticipate future market changes and trends, and to rapidly react to existing and future market needs. There is a constant risk that the Group may fail to identify the occurrence of change in consumer behavior or new trends. Such failure may result in market share losses to the Group's competitors, a decrease in the demand for the Group's products, or a downward pressure on prices and thus lower margins.
- ◆ Access to efficient distribution of goods is crucial for the Group's ability to achieve its goals. The Group relies on third parties for the delivery of meal kits, and is dependent on distributors' availability, and that distributors deliver the meal kits in a correct way and within the right time. It is also important that food safety is maintained throughout the supply chain. Deliveries to customers are mainly carried out by road, which is why challenging weather conditions, especially large amounts of snow, road works or traffic jams, can cause deliveries to be delayed or not delivered at all. The logistics is dependent on a large number of processes, systems and external suppliers, all of which must interact. The potential failure of external suppliers to deliver meal kits on time, or otherwise incorrectly, could adversely affect the Group's customer relations, and if adequate temperature levels are not being maintained during the delivery the probability of contamination increases prior to the meal kits being delivered to customers.
- ◆ The Group carries goodwill and other intangible assets of material significance on its balance sheet. As of 31 December 2020, the Group had SEK 222.9 million in Goodwill and SEK 347.5 million in other intangible assets on its balance sheets. The Group has written down significant amounts of goodwill during the financial years ending on 31 December 2019 and 2018. If further impairment charges in respect of goodwill or other intangible assets were to occur, it would have an adverse effect on the Group's business, financial position and results of operations.

## Key information on the securities

### The main features of the securities

<b>Securities offered</b>	The Offer comprises existing and new shares in LMK Group AB (publ) (ISIN SE0015556873). The shares are denominated in Swedish kronor (SEK). The shares are freely transferable.
<b>Total number of shares in the Company</b>	As per the date of the Prospectus, the Company's share capital amounts to SEK 928,628 divided on 13,929,420 ordinary shares and preference shares of classes B, C, D, E and F. Each share carries one (1) vote at the general meetings and each share carries equal rights to the Company's assets and profits upon liquidation and distribution of dividends. All issued shares are fully paid. Each share has a quota value of SEK 0,066667.
<b>Rights associated with the securities</b>	The existing preference share structure will be dismantled in connection with the admission to trade the Company's shares on Nasdaq First North Premier Growth Market. At the completion of the Offer the Company's share capital will amount to SEK 1,170,127 divided into a total of 12,678,592 shares, each with a quota value of SEK 0,092292. There will only be one share class in the Company and each share will carry one (1) vote at general meetings, and each share will carry equal rights to the Company's assets and profits upon liquidation and distribution of dividends. The shares entitle the holder the right to receive dividends for the first time per the record date for distribution that occurs after the listing of the shares. Persons who are registered as owners in the share register maintained by Euroclear Sweden AB (" <b>Euroclear</b> ") on the record date, determined by the general meeting, are entitled to dividends.
<b>Dividend policy</b>	In light of potential expansion, broadening of the product and service offering, as well as potential M&A activities, the Company's board of directors does not consider to propose dividends in a short to medium-term timeframe. Instead, generated cashflow will be used to reinvest into growth.

### Where will the securities be traded?

<b>Admission to trading</b>	<p>LMK Group intends to list the Company's shares on Nasdaq First North Premier Growth Market, which is an alternative market place, defined as a growth market for small and medium-sized enterprises, as well as a multilateral trading facility, which is regulated by a specific framework, and is not of the same legal status as a regulated market.</p> <p>Given admission to trade, the Company's shares will be listed on Nasdaq First North Premier Growth Market. The first day of trade is expected to be March 29, 2021.</p>
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### What are the key risks specific to the securities?

<b>Material risk factors related to the securities</b>	<p>Key risks concerning the Company's shares include:</p> <ul style="list-style-type: none"> <li>◆ The market price of the Company's shares may decline as a result of a substantial selling of the Company's shares, or otherwise when a large number of shares are sold. After the completion of the Offer, the Principal Shareholder will own in aggregate approximately 13,94 per cent of the shares in the Company, assuming that the Over-Allotment Option is not exercised. Any sale of substantial amounts of Company shares by the Selling Shareholders or the Company's other current shareholders, or the perception that such sales might occur, could cause the market price of the Company's shares to decline.</li> <li>◆ Any future dividends will be paid in SEK due to the Company's shares being denominated, and will continue being denominated in SEK. As a result, shareholders outside Sweden, in the event of depreciation of the Swedish krona against the relevant currency, may experience adverse effects on the value of their shareholding and dividends.</li> <li>◆ The Company is a holding company and holds no significant assets other than investments in its subsidiaries. The Company's ability to make required payments of interest and principal on its debt and fund its working capital, as well as to pay dividends, is thus dependent upon receiving sufficient income and cash flow related to the operations of the subsidiaries, and is also affected by the subsidiaries' ability to transfer available cash resources to the parent company. Limitations or restrictions on the transfer of funds between companies within the Group may in particular be stricter in relation to certain jurisdictions of Group companies and may increase in the event that the Company experiences difficulties with respect to liquidity and its financial position.</li> </ul>
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## Key information on the offer of securities to the general public

### *Under which conditions and timetable can I invest in this security?*

<b>General conditions</b>	The Offer comprises up to 6,289,308 shares, of which up to 3,144,654 are newly issued shares and up to 3,144,654 are existing shares sold by the Principal Shareholder and the other Selling Shareholders, and is divided into two parts: one offer to the general public in Sweden and one offer to institutional investors in Sweden and abroad. The Offer may, if the Joint Global Coordinators so wish, comprise up to 943,396 additional shares in order to cover a potential over-allotment, corresponding to 15 per cent of the total number of shares that are included in the Offer.
<b>Offering price</b>	The price of shares in the Offer is SEK 79.50 per share.
<b>Period of application</b>	Applications for acquisitions of shares by the general public are to be made during the period 17 March 2021 to 25 March 2021. Institutional investors in Sweden and abroad are offered to participate in a book building procedure that takes place during the period 17 March to 26 March 2021.
<b>Allotment</b>	The allotment decision will be made by the Principal Shareholder in consultation with the Company's board of directors and the Joint Global Coordinators, the goal being to achieve a good institutional shareholder base and a broad distribution of the shares among the general public in Sweden so as to facilitate regular and liquid trading in the Company's shares on Nasdaq First North Premier Growth Market. The allotment does not depend on when the application is submitted during the application period. Only one application per person will be regarded. Allotment is expected on or about 29 March 2021, whereupon contract notes will be dispatched.
<b>Payment</b>	Full payment for allotted shares shall be paid in cash in exchange for shares at the latest by 31 March 2021, in accordance with the directions attached to the dispatched contract note. Where appropriate, payment is intended to be drawn from the stated bank account or securities depository account / investment savings account stated on the application form on or about 29 March 2021.
<b>Registration</b>	For both institutional investors and the general public in Sweden, registration of allotted and paid shares with Euroclear Sweden is expected to take place on or around 31 March 2021, after which Euroclear Sweden will send a securities notice, indicating the number of shares in LMK Group registered on the recipient's securities account. Notification to shareholders whose shares are nominee-registered takes place in accordance with the respective nominee's procedures.
<b>Terms and conditions of the Offer</b>	Skandia Fonder AB on behalf of investment funds, and Skandia Mutual Life Insurance Company (together "Skandia"), Invus Public Equities, L.P. ("Invus"), Nordea Investment Management AB on behalf of Nordea Funds Ab ("Nordea"), Handelsbanken Fonder AB on behalf of investment funds under management ("Handelsbanken Fonder") and Argenta-Fund (the " <b>Cornerstone Investors</b> ") have undertaken to acquire shares in the Offer corresponding to a total subscription price of SEK 259 million. The acquisition undertakings are subject to certain conditions. In the event that the gross proceeds do not reach at least SEK 250 million, the Offer will be withdrawn and the following listing on Nasdaq First North Premier Growth Market will not take place.
<b>Dilution</b>	The issue of new shares in conjunction with the Offer may result in the maximum number of shares in the Company being 12,678,592, which corresponds to a dilution in terms of shareholding of 24.8 per cent, based on the number of outstanding shares in the Company after the completion of the Offer.
<b>Costs due the Offer</b>	The company will receive approximately SEK 225.9 million after deduction of transaction costs due to the new issue conducted in conjunction with the Offer, assuming that the Offer is fully subscribed. The total costs attributable to the Offer, including payment to the issuing agent and other advisors, and other estimated transaction costs, are estimated to amount to approximately SEK 24.1 million.

### *Who is the offeror and/or the person applying for admission to trading?*

<b>Offeror of the securities</b>	Besides the shares offered by LMK Group, the Selling Shareholders are offering up to 4,088,050 of existing shares in the Offer, under the condition that the Over-allotment Option is fully exercised. Information regarding the Selling Shareholders is presented in the table below:
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Name	Address	LEI-code	Legal form	Country of incorporation and jurisdiction
Linus Matkasse Holding II AS <sup>1)</sup>	Klingenberggata 5, 0161 Oslo, Norge	98450084B91FA670CE36	Aksjeselskap	Norway
Acton GmbH & Co. Heureka KG	Widenmayerstrasse 29, 80538 Munchen, Tyskland	391200ADOPAOA93OQI22	Kommanditgesellschaft	Germany
Creandum II L.P.	PO Box 669 Elm House St Julian's Avenue St Peter Port Guernsey, GY1 3SR	254900WKoLATGFSY8878	Limited Partnership	Guernsey
Creandum II Kommanditbolag	Box 7068, 103 86 Stockholm, Sweden	549300WZKPX5HIARLU24	Kommanditbolag	Sweden

<sup>1)</sup> At the time of sale in the Offer, ultimately fully owned by Herkules Private Equity IV (Jersey-I) L.P. and Herkules Private Equity IV (Jersey-II) L.P., Address 11-15 Seaton Place, St Helier, Jersey, JE4 0QH, legal form Limited Partnerships, Jersey.

## Why is this Prospectus being produced?

<b>Reasons for the Offer</b>	<p>LMK Group and the Principal Shareholder have resolved to diversify the shareholder base in the Company through a new issue and the sale of existing shares by the Principal Shareholder and the other Selling Shareholders. Accordingly, the Company's board of directors has decided to apply for admission to trading in the Company's shares on Nasdaq First North Premier Growth Market. Trading is expected to begin on 29 March 2021. The new issue, the sale of existing shares and the listing are expected to stimulate increased attention and brand awareness among current and potential customers as well as other parties. The diversification of the ownership of shares is also intended to promote the Group's profitable growth and continued development. Furthermore, LMK Group's board of directors and management are of the opinion that a listing of the Company's shares on Nasdaq First North Premier Growth Market is to the Group's advantage since this gives the Company access to the Swedish and international capital markets for any future capital needs.</p>
<b>Use of the proceeds</b>	<p>The Company will issue new shares in connection with the Offer. The new issue in the Offer is expected to generate gross proceeds of approximately SEK 250 million, and net proceeds of approximately SEK 225.9 million. The Group will not receive any proceeds from the Selling Shareholders' sale of existing shares.</p> <p>The Group intends to allocate the expected proceeds from the new issue in the Offer in accordance with the following order of preference:</p> <ul style="list-style-type: none"> <li>(i) Acquisition of the remainder of RetNemt.dk ApS ("RetNemt") in Denmark (approximately 18 per cent of gross proceeds);</li> <li>(ii) Redemption of an outstanding corporate bond (approximately 66 per cent of gross proceeds); and</li> <li>(iii) Transaction related costs and general corporate purposes (approximately 15 per cent of gross proceeds).</li> </ul> <p>The proceeds from the issue in the Offer is expected to be at least SEK 250 million. In the event that the proceeds do not amount to at least SEK 250 million the Offer will be withdrawn and the following listing on Nasdaq First North Premier Growth Market will not take place.</p> <p>Upon completion of the Offer and the spread of ownership that thereby takes place, the bond terms for the Group's outstanding bond financing entail a right for bondholders to be redeemed (change of control), which, if called for by all bondholders, would entail a repayment obligation of an amount totaling 164 MSEK. In accordance with what is described above, outstanding bond financing is intended to be redeemed with part of the gross proceeds. If the Offer is withdrawn, no potential repayment obligation arises for the Group's outstanding corporate bond financing and no early redemption will be carried out.</p>
<b>Interests and conflict of interests</b>	<p>The Joint Global Coordinators provide financial advice and other services to LMK Group and the Principal Shareholder in connection with the Offer, for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offer. The Joint Global Coordinators have, from time to time, provided and may in the future provide the Company, the Principal Shareholder and parties related to the Principal Shareholder, services within the scope of the daily operations in connection with other transactions.</p> <p>In connection with the Offer, the Company's and the Principal Shareholder's legal advisors will receive customary compensation for the advice given. The legal advisors have also, from time to time, provided, and may in the future provide, the Principal Shareholder and parties related to the Principal Shareholder with legal advice within the scope of the daily operations in connection with other transactions.</p> <p>There are no conflicts of interest or potential conflicts of interest between the obligations of the members of the board of directors and executive management towards the Company and their private interests and/or other undertakings.</p>

# Risk factors

*This section contains the risk factors and significant circumstances considered to be material to the Group's business and future development. The risk factors relate to the Group's industry, market and operations, and further includes risks related to legal and regulatory issues, financial risks and risks related to the Company's shares. The assessment of the materiality of each risk factor is based on the probability of the occurrence of the risk and the expected magnitude of its negative impact. In accordance with regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), the risk factors mentioned below are limited to risks which are specific to the Company and/or the securities and which are material for making an informed investment decision.*

*The description below is based on information available as of the date of this Prospectus. If any unforeseen event would occur, it cannot be ruled out that the Company's assessment of the materiality of the risks will be outdated. The risk factors, that the Company currently considers the most material, are presented first in each subsection, but otherwise the risk factors are not ranked in any specific order of importance.*

*Each risk and uncertainty described below could have a material adverse effect on the Group's operations, financial position and/or earnings. They could also cause a decrease in the value of the Company's shares, which could entail the Company shareholders to lose all or part of their investment.*

## Risks related to the Group's industry and market

### **The Group operates in a highly competitive industry**

The Group operates its business in a very competitive environment. Customers are provided with many choices when it comes to what and where to eat. The competitive landscape in which the Group operates includes a range of other food and meal-delivery companies, in part directly through companies that also offer home-delivered meal solutions as their main service, and indirectly through online and physical supermarkets, specialized food suppliers and online retailers that also offer home delivery of food, groceries and various forms of ready meals, as well as, to some extent, local restaurants that offer customers to pick up pre-prepared meals. In the meal kit market in Norway, the Group currently has a very limited competition, consisting of mainly smaller, local players, while the competition is fiercer in Sweden and Denmark. In recent years the competition has increased significantly in the aforementioned countries, both from existing food suppliers but also new online providers. For example, the

German company HelloFresh SE just recently entered the Swedish and Danish online meal kit market. Furthermore, new and yet unknown competitors may, in the future, decide to enter the markets where the Group operates, which could lead to an even more significant increase in competition.

Some of the current competitors, as well as new entrants that may establish themselves on the markets where the Group operates, may have brands that are or become more widely recognized by customers than the Group's own brands, which could help them in attracting new customers, and could also cause existing customers of the Group to switch to any such competing food provider. Further, some of these competitors and new entrants may also have substantially greater financial, marketing, technical or other resources than the Group and may engage in aggressive marketing tactics, which in itself may cause the Group to increase its sales costs and reduce its prices in order to remain competitive. Subsequently, the Group's market position is dependent on both the Group's own resources and the resources available to competitors.

There is a risk that the current extensive competition, as well as a future increase in competition will increase the costs of attracting new customers, as well as retaining existing customers. There is further a risk that the Group's competitors will gain new market shares at a faster pace than the growth of the market, which may lead to losses in market shares for the Group and reduced sales of the Group's products. The Group's success will also depend on the its's ability to anticipate future market changes and trends, and to rapidly react on existing and future market needs. If the Group fails to meet the competition from new and existing competitors or fails to adjust to market changes or trends, its net sales, profitability and market shares may decline, which could have a material adverse effect on the Group's business, results of operations and financial position.

The Company deems the probability of the aforementioned risks materialising, as described above, to be medium, and the potential effect of such risks, if realized, to be medium.

#### **The Group is dependent on its brands and its reputation**

Since the Group's operations are being conducted in a highly competitive area, the reputation and the recognition of the Group's brands, and the customers' association of the brands with positive values, are of central importance for the growth and success of the business and in order to maintain existing customers as well as attracting new ones. Any harm to the Group's brands or reputation may affect the results of the Group in a negative manner, and there is a risk that negative publicity or announcements concerning the Group, for example, relating to the freshness or the quality of ingredients in the meal kits, circumstances relating to the production of delivered products and animal keeping, food contamination, poor customer service or late deliveries, regardless of whether it is justified or not, may deteriorate the brands' value. Further, the risk of reputational damage, due to human error or misconduct, may increase if the Group grows and expands its business.

The Group is well known in the countries in which the Group operates and two of its brands are currently strongly associated with two individuals, Carolina "Lina" Gebäck and Adam Bjerck. The Group's long-term profitability is based on its customers associating the Group's brands with positive values. If the individuals mentioned, while still being the face of the Group's products or even

thereafter, act in a manner that the public considers reprehensible or in a manner that is in conflict with the values of the Group, the Group's reputation and brands may be damaged.

The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be high.

#### **Risks relating to the Covid-19 pandemic**

The extent of, and the financial effects that may follow from, the Covid 19 pandemic are as of today still unknown. It is, however, clear that the Covid-19 pandemic has disturbed market conditions globally.

During 2020, the number of new customers as well as the purchasing frequency of the Group's existing customers have increased. One explanation for the increase may be a higher preference among consumers to buy food and groceries including home delivery, as a direct consequence of the outbreak of the Covid-19 pandemic. Consumer's willingness to buy the Group's products may, however, change as a result of external factors that do not stem from the Group. Long-term negative macroeconomic effects as a result of the outbreak of Covid-19 and similar pandemics, as well as a cessation of the pandemic, may result in a change in customer behavior, also among the financially strong customer base constituting the Group's main consumers. If a decrease in the willingness of end consumers to buy the Group's products occurs, there is a risk that this may have a negative impact on the Group's sales and subsequently its earnings and financial position.

The demand for freight forwarders and suppliers able to provide transportation for the delivery of goods has increased as a result of the spread of Covid-19. If the spread of covid-19 persists for a longer period of time, there is a risk that the demand for freight forwarders and suppliers will continue to increase and that such freight forwarders and suppliers will not have the capacity to undertake further delivery assignments, nor the financial resources to expand their operations with vehicles and drivers at the same pace as the increase in demand. This may affect the delivery of certain groceries that are usually included in the Group's meal kits. If the Group is unable to locate alternative freight forwarders and suppliers able to deliver the Group's products to its production facilities, at short notice or at all, the Group may be forced to change or withdraw certain products from

its business offering, which may have a material adverse effect on the Group's operations, results and financial position. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be medium.

Due to the Covid-19 pandemic, the Group has taken a number of preventive measures on and in connection to its production facilities, such as providing mouth protection and other protective equipment for all employees working in the production chain, renewed routines for the cleaning of the Group's premises, schedules regarding staff presence in the cafeteria in order to facilitate the distance keeping by employees, etc. There is, however, a risk that a major outbreak of Covid-19 may affect one or more of the Group's production facilities, resulting, in a large proportion of the company's staff falling ill, or that the Group suffers from production disruptions, or that the authorities decide to temporarily close one or more of the Group's production facilities. If the Group suffers a major Covid-19 outbreak or if the authorities decide to temporarily close one or more of the Group's production facilities, there is a risk that the Group will not be able to uphold the production and the delivery of meal kits to the Group's customers, which will have a negative impact on the Group's sales and revenue. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be medium.

## Risks related to the Group's operations

### Risks relating to food safety

The Group operates in the online meal kit market, which means that they inter alia package and store food and groceries. In Sweden and Norway, unbroken, packaged fruit and vegetables are handled, whilst the in-house manufacturing in Denmark include a certain level of repackaging where food is repackaged in order to deliver the right amount of groceries in the meal kits.

Handling foods imposes rigorous demands on traceability, hygiene and handling. Poor control in any part of the handling or the supply chain can result in contamination, allergic reactions or other types of damages. The Group carries out arrival checks on all food delivered to its respective production units, including visual inspection, temperature control, etc. A functioning and efficient alarm system for handling deficiencies, that

may involve risks in relation to food safety, is fundamental in order to conduct business in a responsible and safe manner. The Group monitors all reported cases of contamination or suspected contamination to ensure that the products that the Group provides to its customers achieve the highest quality and safety. However, the Group cannot guarantee that food safety training and controls along the supply chain will be fully effective in preventing all food safety issues associated with its food products. As the meal kits contain fresh products, including meat, fish and dairy products, the business is particularly sensitive to products being spoiled, and any failure by the customers to properly store and thoroughly cook the products delivered before consumption could result in foodborne illness, even if the ingredients were in good condition at the time of delivery to the customer. The Group is also prone to the risk that suppliers deliver goods that have been contaminated at an earlier stage, for example, during handling or even during cultivation. Further, third party suppliers may fail to comply with food safety, temperature control and other requirements when handling or transporting the Group's products, and any such failure may increase the likelihood of contamination. In case of a contamination or an alleged contamination of an ingredient, the Group would potentially be required to recall certain products or meal kits, which could be costly and adversely affect the Group's reputation and thus lead to reduced sales. The Group's reputation can also be negatively affected in cases where suspected contamination has occurred outside of the Group's production chain and traceable to an external food supplier.

Packaging errors or mislabeling of ingredients could cause customers to suffer allergic reactions and other health concerns and lead to associated claims against the Company. Inadvertent errors or errors from suppliers, related to the nature or quality of the products supplied to customers by the Group could also expose the Company to disputes, litigation or other proceedings. Further, product liability claims can be made if a product is considered to have caused personal injury.

Spoiled and contaminated products, product recalls, mislabeling or other health related concerns that the Company may be associated with, including merely alleged claims, may generate significant reputational damages of the Group as a whole, a decrease in the demand for the Group's products, operational disruptions, and significant costs, which may have an adverse effect on the Company's business, financial

performance and operations. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be high.

### **Risks related to forecasting and costs for food, etc.**

The Group's main costs are attributable to food and the Group's earnings are directly related to the prices of groceries, fruit and vegetables. An essential part of, and a key process in, the Group's business model is efficient forecasting and food planning. To ensure sufficient access to a certain amount of, for example, a certain protein, purchasing forecasts need to be completed well ahead, often several months in advance. If the forecast were to deviate from the Company's actual needs it could lead to increased costs and shortages of goods, as well as an obligation to compensate suppliers for goods booked in advance, which the Company does not acquire at a later stage, and thus directly affects the cost of goods sold.

The prices of products tend to vary depending on general conditions, season and demand, and there is a risk that certain products, for various reasons, may become short in supply. Even if the Group is able to exchange an item in a grocery bag for a substitute item, there is a risk that the Group will not be able to adapt to price fluctuations at short notice and that an increase in the Group's costs cannot be transferred to customers. In addition, there is no guarantee that the Group will be able to maintain its profitability. Lack of forecasting, as well as the inability to effectively manage price fluctuations for purchased goods, may lead to increased costs and thus have a negative impact on the Group's gross profit and financial position. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be medium.

### **Dependency on food suppliers**

The Group's ability to service its customers depends to a certain extent on the availability and timely supply of products from suppliers. The Group relies on a few main suppliers of food, especially in Norway and Sweden. In respect of the Norwegian business of the Group, the Group has contracted five main food suppliers, which together account for approximately 50 per cent of the Group's total purchase costs for food supply in Norway. The major food supply agreements in Norway contain obligations for the Group that entail that a certain share of certain product cate-

gories must be purchased from the relevant food suppliers. In Sweden, the largest supplier account for approximately 52 per cent of the Group's total purchase costs for food supply in Sweden, and is further the only supplier whose food supply to the Group accounts for more than ten per cent of the Group's total purchase costs for food supply.

The Group is exposed to supplier concentration risk. If the relationship with a major supplier deteriorates, the Group were to lose any significant supplier, or the suppliers were to experience difficulties or disruptions in their operations, the Group may be unable to establish additional or replacement sources, for its products, that meet the Group's quality requirements in the short run on commercially reasonable terms. Furthermore, there is a risk that the Group's sales capacity may be adversely affected during a certain period of time, especially in cases involving larger suppliers of significance of certain goods or products used in the Group's operations. Being forced to replace or initiate a new supplier relationship can entail significant costs for the Group, and there is a risk that disruptions in the suppliers' operations will have a negative impact on the Group's sales and earnings.

In order to be able to deliver its products, the Group is dependent on the suppliers' compliance with agreed requirements, e.g., in regards to quantity, quality and delivery times. Purchasing commitments may hinder the Group in negotiations and impede the Group's ability to receive the most favorable terms as they are locked-up towards the relevant food suppliers. If either of the major suppliers would terminate their respective contract or materially change the key terms, there is a risk that the Group might not be able to replace such supplier in a timely and cost-efficient manner, which may have an adverse effect on the Group's business, earnings and/or financial position. Further, there is always a risk that a contracted supplier cannot deliver ordered quantities on time as a result of production disruptions or capacity shortages, which in turn may negatively impact the commitment to the relationship with the Group's customers. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be medium.

### **Production disruptions and unplanned stoppages can have a negative impact on the Group's operations**

The Group's production operations are located to a limited number of production units in Sweden, Norway and Denmark. The business is dependent on the reliability of the production units and delivery security is an important factor in the Group's service delivery, and in order to maintain good customer relationships. Disruptions in production and unplanned stoppages may be caused as a result of, for example, fire, power outages, machine stoppages or breakdowns, water leaks, disruptions in the Group's IT systems or internal processes and systems, theft of machinery and hardware, sabotage, conflicts with worker's organizations and strikes. Furthermore, products in the Group's production premises may be destroyed by water from the sprinkler systems if these are triggered during production time as a result of fire. Since the Group handles food, there is also a special risk of pest infestation and intrusion, which could result in facilities having to close down for a certain period of time.

Interruptions or disruptions in production may make it difficult, or impossible, for the Group to fulfill its obligations or live up to customer expectations and to deliver orders, on time or at all. This applies, however, to a lesser extent in the event of disturbances at short notice, but especially in the event of major production interruptions lasting for a longer period of time. Given that the production units are located in different countries, the Company has limited possibilities to reallocate production from one production unit to another, also potential overcapacity at a production unit cannot be utilized to transfer production in the event of a production disruption due to faults or unavailability at another facility. An event of this nature, as well as the expected risk of such an event occurring, may in turn result in reduced sales, penalties, damage to the Group's reputation and loss of customers. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be high.

### **The Group's brand strategy is closely linked to two individuals**

The Group's branding strategy and communication is closely connected to and dependent on two individuals, Carolina "Lina" Gebäck in Sweden, and Adam Bjerck in Norway, and the Group currently uses the mentioned individuals in advertising and marketing, although not in all contexts.

The Group has entered into publicity agreements with Carolina Gebäck and Adam Bjerck, who have granted the Group their consents to use their names and pictures in marketing and communication. These individuals may however in their sole discretion and with short notice withdraw their consents and thereby prohibit the Group from using their names, pictures or other information related to their persons in its marketing and communication. A prohibition for the Group to use the names and pictures of Carolina Gebäck and Adam Bjerck could affect the Group's branding and image. Should any of these persons revoke the agreed rights, the Group would have to amend its strategy on advertising, sales and marketing with regard to the use of personal images accordingly. The time, costs and disruption associated with such adjustments at short notice, could have a negative impact on the business. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be medium.

The Group's use of certain key trademarks, such as LINAS MATKASSE and ADAMS MATKASSE is not subject to consent from Carolina Gebäck and/or Adam Bjerck. However, the Group is prohibited to expand the "Linäs" brand to other markets than Sweden and the United States under a settlement agreement entered into with an external holder of rights to trademark LINA's in the EU as well as on several markets outside the EU, and thus cannot benefit from financial investments, repute and goodwill in the "Linäs" brand if further establishments abroad are intended.

### **The Group needs to attract new subscribers and retain existing subscribers**

The Group offers meal kit services where the subscribers receive planned meals, consisting of recipes together with ingredients of the right amount, delivered to your front door. The subscribers pay per order, at delivery or afterwards, by invoice, and the subscription can be paused or cancelled with short notice. The revenue in any period is essentially a function of the ability of the Company to attract and retain customers, as well as the frequency and size of the orders placed by those customers. As of December 31, 2020, the Group had approximately 115,000 active customers<sup>1)</sup>, and the average number of active customers in 2020 was approximately 106,000. There is a risk that the Group is unable to adapt its services effectively to changes in customer behavior or customer preferences, by

1) Defined as a customer who has ordered at least one delivery in the last three months.

developing the concept, recipes, etc., and thereby is unable to maintain or increase the demand for the meal kits. If customer retention is lower than expected, the Group's revenues may decrease. Further, there can be no assurance that marketing expenses, incurred in order to attract new customers and subscribers, will not exceed the revenue from customers and subscribers gained.

The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be medium.

### Consumer behavior and trends

The sales of the Group's products are dependent on the purchasing power, purchase patterns and demands of its end consumers. Consumers tend to change their buying behavior as new consumption trends come and go. There is always a risk of not capturing such changed consumption behaviors in time or when new trends arise, causing a loss of market shares to the Group's competitors, a decrease in the demand for the Group's products, increased price pressure and thus lower margins, which may lead to a negative impact on the Group.

Furthermore, developments in the market for home delivery of online meal kits and groceries, or offering of so-called pick-up points or order-to-collect, may affect the demand for the Group's products. The Group's possibility to compete depends on the Group's ability to anticipate future market changes and trends, and to rapidly react to existing and future market needs. For example, being able to offer a shorter timeline between order and delivery, as well as several delivery alternatives in terms of which days and times deliveries are carried out, is likely to increase competitiveness at the same time as it can lead to higher costs. If new and existing competitors on the market succeed in this regard, and the Group fails to meet the competition, or otherwise fails to react to market changes or trends, there is a risk that this may have an adverse effect on the Group's operations, business, earnings and/or financial position. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be high.

### The Group faces risks in connection to its e-commerce business

The Group operates an e-commerce business, which entails exposure to risks associated with internet-based business. The successful opera-

tion of the e-commerce business as well as the ability to provide customers with a positive experience that will drive subsequent visits and generate orders depends on efficient and uninterrupted operation of order-taking and fulfilment operations.

Risks associated with e-commerce business include:

- ◆ uncertainties associated with the Group's website, including changes in required technology interfaces, website downtime and other technical errors, costs and technical issues relating to an upgrade of website software, inadequate system capacity, computer viruses and human errors;
- ◆ reliance on third parties for computer hardware and software;
- ◆ rapid technology changes;
- ◆ changes in applicable regulations;
- ◆ liability for online content; and
- ◆ cybersecurity and consumer data protection.

The probability of individual technical challenges associated with e-commerce operations occurring is deemed by the Company as a medium, however since the Group offers a subscription service, the negative impact of such an occurrence is considered to be low. However, failure by the Group to continually meet the challenges associated with e-commerce could have a material adverse effect on the Group's business and results of operations. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be high.

### The Group is dependent on reliable information technology infrastructure and is exposed to risk of failure, inadequacy, interruption, or breach of information technology systems

The Group relies on its information technology systems for many functions across operations, including managing the customers' subscriptions and orders, marketing and sales, managing supplies, financial accounting and reporting, storing customer data and operating the Group's website and e-commerce platform. The ability to effectively manage the Group's business depends significantly on the reliability and capacity of such systems.



The Group's information technology systems can be disrupted by, among other things, software failures, computer viruses, security breaches or cyberattacks, power outages and physical damage. A system failure does not result in a direct loss in sales as customers primarily use the Group's websites to review and manage their subscriptions, as well as monitor future deliveries of grocery bags. However, a system failure may lead to loss of important data and loss of customers, as well as reduced sales. The Company deems the probability of the aforementioned risks materialising again, as described above, to be low, and the potential effect of such risks, if realized, to be high.

Cyberattacks may compromise the confidentiality and integrity of the information systems and data of the Group or its customers. The information technology systems may, for example, be held for ransom or hacked in order to gain monetary benefits by selling or misappropriating confidential information or customer data. The Company deems the probability of the aforementioned risks materialising to be low, and the potential effect of such risks, if realized, to be medium. Furthermore, a lack of sufficient data access restrictions for the Group's employees, or misuse of sensitive or confidential information by the Group's employees, could expose the Group to regulatory sanctions and reputational harm. For more information on data protection, see the section "*Risk factors – Failure to comply with GDPR or similar regulations, could lead to a material adverse effect on the Group's reputation, business, financial position and results of operations*".

### **Logistics and distribution**

Access to efficient distribution of goods is crucial for the Group's ability to achieve its goals. The Group relies on third parties for the delivery of meal kits, and is dependent on the availability of distributors, and that distributors deliver the meal kits in a correct way and within the right time. It is especially important that food safety is maintained throughout the supply chain. Deliveries to customers are mainly carried out by road, which is why challenging weather conditions, especially large amounts of snow, road works or traffic jams, can cause deliveries to be delayed or not delivered at all. If external suppliers do not deliver meal kits on time, or otherwise incorrectly, it may have negative consequences for the Group's customer relationships and if adequate temperature levels are not maintained during delivery, the probability of contamination increases prior to the meal kits being delivered to customers. The logistics is

dependent on a large number of processes, systems and external suppliers, all of which must interact. If the Group is unable to maintain a functioning and reliable logistics system for its deliveries or if other delivery problems arise, this may have a negative impact on the Group's net sales, earnings and/or financial position.

The main Swedish distribution agreements contain a force majeure provision, including pandemics as a potential force majeure event. According to the Swedish distribution agreements, distributors are not held liable if the distributor fails to fulfil its obligations under the distribution agreement to the extent that the non-performance is a result of unforeseen circumstances outside the distributor's control, or becomes unreasonably burdensome for the distributor. Pandemics are specifically listed as an event that can release the distributor from fulfilling its obligations under the agreement. There is a risk that a sudden increase in the number of Covid-19 cases nationally, regionally or locally could constitute a force majeure event that could potentially release distributors from their obligations under current agreements, which could be costly and could have a negative impact on the Group's operations, financial position and operations.

The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be medium.

### **Risks relating to the processing, authorization and invoicing of payments**

Customers who order meal kits on the Group's website sign up for a subscription service. Customers can choose between different payment methods, including invoice and debit card, and payment is made after delivery. Therefore the Group does face the risk that customers do not fulfill their payment obligations or have insufficient funds.

Efficient collection of payments is subject to debit cards being validated in connection with registration, and that the customer's debit card can be charged after the meal kit has been delivered, and a well-functioning invoice IT system to ensure the ability to create correct card debit and invoices, avoid the recording of duplicate orders and collect payments in due time. Any system malfunctions or unfulfilled payment obligations would affect the Group's cash flow negatively and may increase its operating costs, which could have a material adverse effect on the Group's business and results of operations.

To manage the Group's cash flows and credit risk the Group currently has a factoring agreement in place with a factor who issues the invoices directly to the Group's customers. If the Group is unable to maintain the agreement with the factor on commercially reasonable terms, or find other suitable financing solutions, this could have a material adverse effect on the Group's cash flows, particularly in the short to medium term.

The Company deems the probability of the aforementioned risks materializing, as described above, to be low, and the potential effect of such risks, if realized, to be medium.

#### **Risks relating to cost of groceries etc.**

The main costs of the Group are food related, and the Group's results are dependent on the prices for groceries, fruits and vegetables. Prices of products fluctuates depending on general conditions, season and demand, and there is a risk that certain products will become scarce. There is a risk that the Group will be unable to adapt to price fluctuations in a timely manner, and that an increase in the Group's costs will not be possible to pass on to customers. Moreover, there is no guarantee that the Group will be able to keep its profitability. There is a risk that improper pricing and rising costs will adversely affect the Group's net sales, operations, business, earnings and/or financial position. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be medium.

## **Financial risks**

#### **The Company is subject to financing risk**

The Group's main debt financing prior to the listing of the Company's shares consists of bonds issued by one of the Company's subsidiaries, Linas Matkasse NewCo AB, to a total outstanding nominal amount of SEK 139 million per the day of the Prospectus, maturing October 9, 2022. The change in ownership due to the Offer constitutes a change of control event according to the bond terms, which gives each bondholder the right to request the bond to be repaid within 60 work days with an amount corresponding to 101 per cent of the nominal amount, including accrued interest. In connection with the listing, the Group intends to repay the entire outstanding bond debt, including accrued interest, guarantee fee and waiver fee, amounting in total to approximately SEK 169 million (also includes an amount of 5 per cent of the nominal amount paid due to early redemption of the bonds), with funds received from the Offer.

There is a risk that the Group, in the future, may encounter difficulties in obtaining new or additional financing. Factors such as market conditions, the general availability of credits and the Group's credit rating may affect the availability of additional capital. There is a risk that the Group, in the future, will be unable to obtain financing at a reasonable cost or on acceptable terms, which could have a material adverse effect on the Group's cash flow, earnings and financial position. The Company deems the probability of the aforementioned risks materialising, as described above, to be medium, and the negative effect of such risk, if realized, to be low.

#### **The Group carries goodwill and other intangible assets of material significance on its balance sheet and an impairment would negatively impact the Group's results of operations and financial condition**

As of December 31, 2020, the Group had SEK 222.9 million in goodwill and SEK 347.5 million in other intangible assets on its balance sheet. Goodwill and other intangible assets with an indefinite useful life are not amortized on an ongoing basis in accordance with any established plan, but instead the need for impairment is reviewed annually. The Group has written down significant amounts of goodwill during the financial years ending on 31 December 2019 and 2018, and continuously monitors, relevant circumstances that affect its operations and financial position, and the possible effects such circumstances may have on the valuation of the Group's goodwill and other intangible assets in the future. It is possible that changes in such circumstances, or in other factors that the Group considers in its assessments, assumptions and estimations in connection with the valuation of goodwill and other intangible assets, may require the Group to re-evaluate goodwill or other intangible assets in the future. If impairment charges in respect of goodwill or other intangible assets were to occur, it would have an adverse effect on the Group's business, financial position and results of operations. The Company deems the probability of the aforementioned risk materializing to be low, and the negative effect, if realized, to be high.

#### **Exchange rate fluctuations may have a material adverse effect on the Group's results of operations and financial condition**

The Group prepares its financial statements in Swedish kronor (SEK). The individual companies in the Group report their operating profit and financial position in their local currency. 47 per cent of the Group's net sales in 2020 refer to net sales in

SEK recalculated from NOK. The recalculation exposure means that movements in exchange rates between especially NOK and SEK may have a negative effect on the Group's results of operations and financial position. Furthermore, there is a limited currency risk in the form of transaction exposure to the extent that the Group has a mismatch between its earnings and its costs denominated in a foreign currency, for example with respect to payment of development costs denominated in EUR.

The Group is also exposed to an indirect currency exposure as a lot of fruits and vegetables are sourced from euro denominated suppliers, and there is a risk that increased costs with such suppliers due to currency fluctuations will be passed on to the Group. Currency exchange rates have seen significant fluctuation in recent years, and a significant decrease in the value of SEK relative to especially EUR could have an adverse effect on the Group's business, financial position, cash flow and results of operations.

The Company deems the probability of the aforementioned risks materializing, as described above, to be medium, and the negative effects of such risks, if realized, to be medium.

## Legal and regulatory risks

### **Failure to comply with GDPR or similar regulations, could lead to a material adverse effect on the Group's reputation, business, financial position and results of operations**

Data privacy and information security is heavily regulated in all of the jurisdictions where the Group is active. As an integral part of its business, the Group collects personal data from customers. The Group is therefore subject to the General Data Protection Regulation (Regulation (EU) 2016/679) (the "GDPR").

In 2017, the Group suffered a data breach in which personal data relating to a customer database in Norway was leaked. As far as the Group's investigation showed, the data breach was allegedly caused by an employee of a former marketing partner to the Group, where the person in question potentially committed a crime. The relationship with the marketing partner was discontinued in both Norway and Sweden, and the breach was reported to the Norwegian Data Protection Authority, and a police report was filed with the Swedish police. The Group has since replaced the IT system used at the time of the incident. It is impossible for the Group to prevent all cases of personal data breaches, such as data leakage or

misuse of personal data due to human error, technical errors, cyber-attacks, criminal acts or other factors, and that intruders or outsiders can thereby gain access to customers' personal data. The Company deems the probability of such an incident occurring again to be low, but if the risk were to be realized, the potential effect of such an incident in individual cases is deemed to be high. Security breaches may cause the Group significant financial and reputational damage. Violation of the GDPR may result, inter alia, in sanctions and customer churn, and may harm the Group's reputation and business, and have a material adverse effect on the Group's financial position and result of operations, where sanctions can amount to 4 per cent of annual sales. In addition, personal data breaches such as data leakage may lead to the obligation to inform the competent data protection supervisory authority and, in some cases, the individuals affected.

The Group has taken various measures to ensure compliance with the GDPR and this is still an ongoing work that is actively conducted within the Group. It cannot be ruled out that competent regulatory authorities may conclude that the Group is not in compliance with the GDPR, particularly given the lack of practical experience with the application and compliance of the GDPR, and also due to the fact that case law within certain areas (such as third country transfers) is developing in a rapid pace and imposes high demands on the Company. In addition, the stricter rules of the GDPR and any limitations imposed by a stricter interpretation of the existing requirements or by future modifications of the data privacy laws could have a significant impact on the Group's business and its ability to offer and market its services at current price levels or at all, and significantly increase the Group's compliance costs. The Company deems the probability of the aforementioned risks materialising, as described above, to be low, and the potential effect of such risks, if realized, to be medium.

### **Risks relating to obtaining and maintaining permits required to conduct the Group's business**

The Group operates its business in a regulated industry and the Group is subject to numerous health and safety laws and regulations. Selling food to end consumers entails certain risks and it is of great importance that the Group maintains all applicable and necessary permits required for conducting its business, and to ensure compliance with applicable regulations and certificates. Further, the Group is under supervision from local

health and environmental authorities, that conducts yearly inspections. If the Group does not comply with the terms of its permits and certificates, or if an inspection reveals deficiencies, this may result in injunctions and fines from supervisory authorities.

New legislation and regulations, or changes to existing legislation and regulations, could result in unexpected additional costs of operating the Group's business or ensuring compliance, or impose restrictions on the development of the business operations. Further, frequent or unexpected changes in legislation could result in the Group failing to comply with such legislation, which could result in regulatory fines as well as negative publicity, which may have an adverse effect on the Group's results of operations, financial position and business. In addition, changes in the Group's business structure or offerings may, intentionally or unintentionally, require that additional legislation or regulation must be considered or that certain legislation or regulation becomes applicable to additional parts of the Group's operations, for example regarding consumer credits. This may entail transition costs for the Group, which may affect the Group's operations in the short term.

Non-compliance with applicable legislation, permits and certificates may entail severe reputational damage. Should any of these circumstances occur, there is a risk that this may have an adverse effect on the Group's net sales, operations, business, earnings and/or financial position.

The Company deems the probability of the above-mentioned risks materialising, to be low, and the potential effect of such risks, if realized, to be medium.

## Risks related to the Company's shares

### Differences in currency exchange rates may have a material adverse effect on the value of shareholdings or dividends paid

In light of potential expansion, broadening the product and service offering, as well as potential M&A activities, the board of directors does not intend to propose any dividends in the short to medium term, instead generated cashflows are to be reinvested into growth. However, any future dividends will be paid in SEK due to the Company's shares being denominated in SEK and will also continue to be denominated in SEK. As a

result, shareholders outside Sweden may experience adverse effects on the value of their shareholding and their dividends, if any, when converted into other currencies if the Swedish krona depreciates against the relevant currency. As of the date of the Prospectus, the Company has shareholders in jurisdictions other than Sweden, including Norway and Germany.

### Sales of shares by existing shareholders could cause the share price to decline

The market price of the Company's shares may decline in the case of a substantial selling of the Company's shares, or otherwise when a large number of shares are sold. After completion of the Offer, the Principal Shareholder will own in aggregate approximately 13.94 per cent of the shares in the Company, assuming that the Over-Allotment Option is not exercised.

The Principal Shareholder, the Selling Shareholders and other existing shareholders, including members of the executive management and other employees currently holding shares, have each agreed, subject to certain exceptions, for a certain period of time, not to sell their shares or enter into transactions with a similar effect without the prior written consent of the Joint Global Coordinators. After the expiry of the relevant Lock-up Period, or during the Lock-up period with written consent, as described in the previous sentence, the shareholders subject to lock-up will be free to sell their shares in the Company. Any sales of substantial amounts of the Company's shares by the Selling Shareholders or the Company's other current shareholders, or the perception that such sales might occur, may cause the market price of the Company's shares to decline.

### The Company is dependent on cash flow from its subsidiaries

The Company is a holding company and holds no significant assets other than investments in its subsidiaries. The Company's ability to make required payments of interest and principal on its debt and fund its working capital, as well as to pay dividends, is thus dependent upon receipt of sufficient income and cash flow related to the operations of the subsidiaries and is also affected by the ability of the subsidiaries to transfer available cash resources to the parent company. The transfer of funds to a parent company from its subsidiaries (by way of dividends, intercompany loans or otherwise) may be restricted or prohibited by legal and contractual requirements applicable to the rele-

vant subsidiary and its directors. Limitations or restrictions on the transfer of funds between companies within the Group may in particular be stricter in relation to certain jurisdictions of group companies and may increase in the event that the Company experiences difficulties with respect to liquidity and its financial position. The Company has subsidiaries in Sweden, Norway and Denmark.

### **Submitted acquisition undertakings are not secured**

Skandia Fonder AB on behalf of investment funds, and Skandia Mutual Life Insurance Company (together "Skandia"), Invus Public Equities, L.P. ("Invus"), Nordea Investment Management AB on behalf of Nordea Funds Ab ("Nordea"), Handelsbanken Fonder AB on behalf of investment funds under management ("Handelsbanken Fonder") and Argenta-Fund (the "**Cornerstone Investors**") have undertaken to acquire shares in the Offer corresponding to a total subscription price of SEK 259 million. However, the acquisition undertakings are not secured through a bank guarantee or other similar arrangements. Further, the acquisition undertakings are associated with certain conditions. If any of these conditions are not met, there is a risk that the acquisition undertakings are not fulfilled, which could have an adverse effect on the completion of the Offer.

# Invitation to acquire shares in LMK Group

LMK Group, operating in Sweden, Norway and Denmark under the brands Linas Matkasse, Godtlevort, Adams Matkasse and RetNemt, and the Principal Shareholder have resolved to diversify the shareholder base in the Company through a new issue and the sale of existing shares by the Principal Shareholder and the other Selling Shareholders. Accordingly, the Company's board of directors has applied for a listing of the Company's shares on Nasdaq First North Premier Growth Market. Trading is expected to begin on 29 March 2021. The new issue, the sale of existing shares and the listing are expected to contribute to increased attention and brand awareness among current and potential customers as well as other parties. The diversification of the ownership of shares is also intended to promote the Group's profitable growth and continued development. Furthermore, LMK Group's board of directors and management are of the opinion that a listing of the Company's shares on Nasdaq First North Premier Growth Market is to the Group's advantage since this gives the Company access to the Swedish and international capital markets for any future capital needs.

The price in the Offer is SEK 79.50 per share.

At an extraordinary general meeting held 15 March 2021, LMK Group resolved on a new issue of shares to the general public in Sweden and to institutional investors in Sweden and abroad. The new issue of shares is expected to provide the Group with approximately SEK 250 million, before issue costs, through the issuance of not more than 3,144,654 new shares. The Company's share capital following the Offer will be SEK 1,170,127 divided into 12,678,592 shares, of which the newly issued shares in the Offer will represent a total of approximately 24.80 per cent of the total number of shares in the Company.

Furthermore, the Principal Shareholder and the other Selling Shareholders have decided to offer the general public in Sweden and institutional investors in Sweden and abroad to acquire up to 3,144,654 existing shares comprised in the Offer. In order to cover over-allotments, if any, in connection with the Offer, the Principal Shareholder and the other Selling Shareholders have granted an option ("**Over-allotment Option**") to the Joint Global Coordinators, which can be exercised in full or in part for a period of 30 days from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market, to acquire up to 943,396 additional existing shares from the Principal Shareholder and the other Selling Shareholders corresponding to no more than 15 per cent of the total number of shares comprised in the Offer, for a price equal to the price in the Offer.

Skandia Fonder AB on behalf of investment funds, and Skandia Mutual Life Insurance Company (together "Skandia"), Invus Public Equities, L.P. ("Invus"), Nordea Investment Management AB on behalf of Nordea Funds Ab ("Nordea"), Handelsbanken Fonder AB on behalf of investment funds under management ("Handelsbanken Fonder") and Argenta-Fund (the "**Cornerstone Investors**") have, within the Offer and on the same terms as other investors, undertaken to acquire shares corresponding to a total of approximately 25.7 per cent of the total number of shares in the Company after the completion of the Offer. The acquisition undertakings are subject to certain conditions.

Pursuant to the terms and conditions set forth in the Prospectus, investors are hereby invited to acquire up to 6,289,308 shares in the Company, corresponding to 49.6 per cent of the total number of shares in the Company following the Offer. If the Over-allotment Option is fully exercised, the Offer will comprise up to 7,232,704 shares, corresponding to 57.05 per cent of the total number of outstanding shares in the Company after the completion of the Offer. Provided that the Over-allotment Option is exercised in full, the value of the Offer amounts to approximately SEK 575 million before issue costs.

Stockholm, 16 March 2021

**LMK Group AB (publ)**  
The board of directors

*The board of directors of LMK Group AB (publ) is responsible for the content of the Prospectus. The board of directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.*

*The board of directors of LMK Group AB (publ) alone is responsible for the content of the Prospectus in accordance with what is set out herein. However, the Principal Shareholder and the other Selling Shareholders confirm their commitment to the terms and conditions of the Offer.*

# Background and reasons

LMK Group was established in 2008 with the vision of simplifying day-to-day life by offering a wide variety of inspirational meals delivered directly to the customer's front door. Today, the Group is the largest supplier of meal kits in the Nordic region, and considers itself to be a leader in the field of Scandinavian food tech. The Group has operations in Sweden, Norway and Denmark, operating under the brands Linas Matkasse, Godtlevvert, Adams Matkasse and RetNemt. In 2020, the Group generated net sales of SEK 1.217 billion and made approximately 1.74 million deliveries of meals to households on the markets in which the Group operates. LMK Group has 282 fulltime employees<sup>1)</sup> and is owned by a group of investors, led by Herkules Capital, Creandum, Acton Capital and the Group's founder.

The Board of Directors and the management of LMK Group are of the opinion that the Offer, along with the spread of ownership of the Group's shares, will promote the Group's continued growth and development, for example by broadening the Group's financing options and providing access to Swedish and international capital markets. In this way, more sources of financing will be made available in order to support the Group's continued expansion. The spread of ownership of the Group's shares entails increased credibility and awareness, in addition to be a mark of quality that the Group believes could be of benefit in customer relationships, helping to attract and retain staff as well as strengthening relationships with suppliers.

The new share issue under the Offering is expected to generate gross proceeds of approximately SEK 250 million, and net proceeds of approximately SEK 225.9 million. The Group will not receive proceeds from the sale of existing shares by the Selling Shareholders. Bearing in mind the current business plan, the Group intends to allocate the expected proceeds from the Offer's share issue as set out in the following order of priority:

## (i) Acquisition of the remainder of RetNemt.dk ApS ("RetNemt") in Denmark

The Group intends to acquire the remaining 41.52 per cent of the shares from the founder and CEO of RetNemt, and to repay the associated acquisition liability to the former shareholders Marell Holding ApS and LGMD Holding AG (the "**Acquisition liability**"), amounting to approximately SEK 15.6 million. The purchase price for RetNemt amounts to approximately SEK 54.9 million, of which approximately SEK 27.4 million is to be paid through cash payments to the founder and approximately SEK 27.4 million is to be paid through newly issued shares in LMK Group to the founder. The Acquisition liability, together with the cash portion of the purchase price, means that approximately SEK 43 million of the share issue proceeds will be used for the acquisition (share of gross proceeds amounts to approximately 17 per cent);

## (ii) Redemption of an outstanding corporate bond

The Group intends to redeem an outstanding corporate bond (ISIN SE0010414318) (the "**Corporate bond**") with an outstanding nominal amount as of the date of the Prospectus of approximately SEK 139 million in total (excluding accrued interest), and a total amount of approximately SEK 169 (including accrued interest, and including an additional 5 per cent of the nominal amount that needs to be paid in the event of the early redemption of the Corporate bond by the company). The Corporate bond has a total interest rate of approximately 10 per cent, which consist of a cash interest rate of 2 percentage points plus STIBOR and a PIK interest rate of approximately 8 percentage points. According to the Group, the interest is not tax deductible due to LMK Group's corporate structure. The Group considers that the capital structure and the cost of capital would benefit from redeeming the Corporate bond, providing the Group with increased financial flexibility (share of gross proceeds amounts to approximately 68 per cent); and

## (iii) Transaction related costs and general corporate purposes

The Group intends to use approximately SEK 38 million to finance transaction related costs and general corporate purposes (share of gross proceeds amounts to approximately 15 per cent).

1) As of December 2020.

The gross proceeds from the Offering is expected to reach at least SEK 250 million. In the event that the gross proceeds do not reach at least SEK 250 million, the Offering will be withdrawn and the following listing on Nasdaq First North Premier Growth Market will not take place. If the Offering is withdrawn, no potential repayment obligation, as described in section "*Capitalisation, indebtedness and other financial information – Financing arrangements*", arises for the Group's outstanding corporate bond financing.

*The Prospectus has been approved by the Swedish Financial Supervisory Authority, which is the competent authority according to the Prospectus Regulation<sup>1)</sup>. The Swedish Financial Supervisory Authority approves this Prospectus only insofar as it satisfies the requirements for completeness, intelligibility and consistency specified in the Prospectus Regulation, and the approval should not be viewed as any kind of support for the issuer referred to in this Prospectus or as any kind of support for the quality of the securities referred to in the Prospectus. Investors should make their own judgement as to whether it is appropriate to invest in these securities.*

*The Board of Directors of LMK Group AB (publ) is responsible for the content of the Prospectus.<sup>4)</sup> It is hereby certified that, to the best of the Board of Directors' knowledge, the information provided in the Prospectus is consistent with the facts and that no information likely to affect its meaning has been omitted.*

Stockholm, 16 March 2021

**LMK Group AB (publ)**

*Board of Directors*

1) Regulation (EU) 2017/1129.

2) On the date of the Prospectus, the Board of Directors comprises Mathias Hedlund, Charlotte Gogstad, Fredrik Kongsli, Gert W. Munthe and Therese Reuterswård.



# Terms and conditions

## The Offering

The Offering is directed to the general public in Sweden as well as institutional investors in Sweden and abroad. The Offering comprises up to a maximum of 6,289,308 shares in the Group, of which maximum 3,144,654 shares are newly issued shares and maximum 3,144,654 shares are existing shares in the Group (not taking into account the over-allotment option described below). All shares in the Offering have the ISIN code SE0015556873 and will have the ticker symbol LMKG on Nasdaq First North Premier Growth Market. Assuming that the Offering is fully subscribed, the Company will receive gross proceeds of approximately SEK 250 million before deduction of transaction costs.

The Offering is divided into two parts:

- (1) The offer to the general public in Sweden;<sup>1)</sup> and
- (2) The offer to institutional investors in Sweden and abroad<sup>2)</sup>.

The outcome of the Offering is expected to be announced by the Group through a press release on or around 29 March 2021.

## The Over-allotment Option

In order to cover any over-allotment in connection with the Offering, the Offering may cover up to a maximum of 943,396 additional existing shares, corresponding to a maximum of 15 per cent of the total number of shares in the Offering (the "**Over-allotment Option**"). The Over-allotment Option pertains to existing shares offered by the Principal Shareholder and may be exercised by Pareto Securities in full or in part, during the 30 calendar days following the first day of trading of the Group's shares on Nasdaq First North Premier Growth Market. The price of the shares in the Over-allotment option will be the same as the Offering price. If the Over-allotment option is exercised in full, the Offering will comprise up to a maximum of 7,232,704 shares in the Group.

## The Offering price

The Offering price has been determined to SEK 79.50 per share. The Offering price is the same for institutional investors and the general public in Sweden. Brokerage commission will not be charged.

The Offering price has mainly been determined through a customary book building procedure which took place in during February and March 2021. During this book building procedure, certain institutional investors were offered to indicate interest to acquire shares in the Group and to tender for the price level at which they were interested in acquiring shares in the Group. The result of this book building procedure was that a number of Swedish and international institutional investors ("**Cornerstone Investors**"), through agreement with the Company and the Joint Global Coordinators during March 2021, undertook to, under certain conditions and at the same price as other investors, acquire shares in the Offering corresponding to a total of SEK 259 million. In light of this, the Offering price is deemed to reflect the market value. The acquisition undertakings are not secured by bank guarantee, blocked funds, pledges or similar arrangements, why there is a risk that Cornerstone Investors will not be able to fulfil their obligations. Please refer to section "*Legal considerations and supplementary information – Acquisition undertakings*" for additional information on the parties having provided acquisition undertakings, and terms and conditions associated with these. In addition to this book building procedure, the Offering price is to some extent based on discussions between the Principal Shareholder, the Group's board of directors and the Joint Global Coordinators regarding the current market conditions, the operations' historical development and an assessment of the Group's business potential and future prospects, where a certain comparison with the market value of listed shares in comparable companies listed on regulated markets and alternative trading venues has been made.

## Offer to the general public in Sweden

Applications for acquisitions of shares are to be made during the period 17 March 2021 to 25 March 2021. An application to acquire shares must be for a minimum of 100 shares and a maximum of 13,499 shares, in even lots of 10 shares. The application is made on a specific application form which can be obtained through the Group or Aktieinvest FK AB. The application form is also available on the

1) The general public includes private individuals and legal entities in Sweden that apply to acquire a maximum of 13,499 shares.

2) Institutional investors include private individuals and legal entities that apply to acquire a minimum of 13,500 shares.

Group's website: [www.lmkgroup.se](http://www.lmkgroup.se) and on Aktieinvest's website: [www.aktieinvest.se](http://www.aktieinvest.se). The application can also be done electronically using "BankID" on [www.aktieinvest.se/lmkgroup2021](http://www.aktieinvest.se/lmkgroup2021).

The application must be delivered to Aktieinvest no later than at 17:00 CET on 25 March 2021. No changes or additions may be made in printed text. Incomplete or incorrectly completed application forms may be disregarded. Only one application per person may be made. If several application forms are submitted, only the most recently received will be considered. Please note that the application is binding. Completed and signed application form must be delivered to:

Aktieinvest FK AB  
Emittentservice  
P.O. Box 7415  
103 91 Stockholm, Sweden  
Telephone: +46 (0)8-5065 1795  
E-mail: [emittentservice@aktieinvest.se](mailto:emittentservice@aktieinvest.se)

Those who do not have a securities account or securities deposit, must open a securities account or securities deposit before the application form is submitted. Note that opening a securities account or securities deposit may take some time with some managers.

If an application refers to an amount in excess of EUR 15,000, if you are a PEP or related party to a PEP, or if you reside outside the EU/EEA, a customer identification form and a certified copy of a valid identification document must be included in order for the application form to be valid. For legal entities, a customer information form, a certified copy of a valid identification document for the authorized signatory and a current certificate of registration proving the authorized signatory must be attached to the application form in order for it to be valid. Legal entities shall also fill in information under the sections "Representative of the company – authorised signatory" and "Beneficial owner" on the application form for it to be valid.

Investors who have an account with specific rules for securities transactions, such as IPS depository, ISK depository or depository with endowment insurance, must check with their custodian bank or trustee if and how they can acquire shares in the Offering. The Group, in consultation with Pareto Securities, reserves the right to prolong the application period. Such a prolongation will be published through a press release before the end of the application period.

## Application via Pareto Securities

Custody account holders at Pareto Securities can apply for the acquisition of shares via Pareto Securities' online services during the period 17 March 2021 up to and including 25 March 2021 at 17:00 CET. In order not to risk losing the right to any allotment, custody account holders at Pareto Securities must have cash available in the depository at the latest on the settlement date which is expected to be on 31 March 2021. More information on the application procedure via Pareto Securities can be found at [www.paretosec.se/aktuellt/lmkgroup](http://www.paretosec.se/aktuellt/lmkgroup).

## Application via Aktieinvest

Custody account holders at Aktieinvest can apply for the acquisition of shares via Aktieinvest's online services during the period 17 March 2021 up to and including 25 March 2021 at 23:59 CET. In order not to risk losing the right to any allotment, custody account holders at Aktieinvest must have cash available in the depository from 25 March 2021 at 23:59 CET, up to the settlement date, which is expected to be on 31 March 2021. More information on the application procedure via Aktieinvest can be found at [www.aktieinvest.se/lmkgroup.se](http://www.aktieinvest.se/lmkgroup.se).

## Application via Avanza

Custody account holders at Avanza can apply for the acquisition of shares via Avanza's online services during the period 17 March 2021 up to and including 25 March 2021 at 23:59 CET. In order not to risk losing the right to any allotment, custody account holders at Avanza must have cash available in the depository from 25 March 2021 at 23:59 CET, up to the settlement date, which is expected to be on 31 March 2021. More information on the application procedure via Avanza can be found at [www.avanza.se](http://www.avanza.se).

## Allotment

As soon as possible after a decision regarding allotment has been made, a contract note will be sent to those who have been allotted shares in the Offering. Those who were not allotted any shares will receive no notification.

A decision regarding the allotment of shares will be made by the Principal Shareholder in consultation with the board of directors and the Joint Global Coordinators, the goal being to achieve a good institutional shareholder base and a broad distribution of the shares among the general public so as to facilitate regular and liquid trading in the Group's shares on Nasdaq First North

Premier Growth Market. The allocation does not depend on when the application is received during the application period. In the event of over-subscription, the allotment may be withheld or made with a smaller number of shares than specified in the application, whereby the allotment may be made wholly or in part by random selection. Applications from employees, business partners, existing shareholders and other related parties to LMK Group as well as certain customers to the Joint Global Coordinators may be given special consideration at the allotment. Allotment may also be made to employees at the Joint Global Coordinators, Aktieinvest or Avanza, without these being prioritised. In such a case, the allotment is carried out in accordance with the Swedish Securities Dealers Association's rules and the regulations issued by the Swedish Financial Supervisory Authority.

Within the Offering and in accordance with the resolution regarding allotment intended to be taken around 28 March 2021, certain members of the executive management will be given priority to allocation up to a total amount of approximately SEK 500,000.

Furthermore, within the framework of the Offering, the employees within the Group will be offered to subscribe for shares in the Offering for up to a total of approximately SEK 15 million. Employees in LMK Group may therefore be given guaranteed allocation for up to a maximum value of SEK 30,000 per employee.

## Via Pareto Securities

Those applying via Pareto Securities' internet service receive notification of allotment through a notification of the acquisition of shares against a simultaneous debiting of cash on the specified depository, which is expected to take place on or around 29 March 2021.

## Via Aktieinvest

Those applying via Aktieinvest's internet service receive notification of allotment through a notification of the acquisition of shares against a simultaneous debiting of cash on the specified depository, which is expected to take place on or around 29 March 2021.

## Via Avanza

Those applying via Avanza's internet service receive notification of allotment through a notification of the acquisition of shares against a simultaneous debiting of cash on the specified depository, which is expected to take place on or around 29 March 2021.

## Payment

Full payment for allotted shares shall be paid in cash no later than the date stated on the contract note. Please note that if full payment is not made in due time, allotted shares may be transferred to another party. Should the selling price in the event of such a transfer be less than the price in accordance with the Offering, the person who received allotment of the shares in the Offering may be liable for the difference. Please note that those who have applied in the Offering ("Acquirer") belonging to the general public who pays allotted shares in accordance with instructions on the contract note to the specified bank giro account, will receive the acquired shares to the specified securities account or securities deposit only when full payment has been received. This may, depending on where, how, and at what time of day payment is made, take two to three business days from the time of payment, which may affect the possibility of trading.

## Via Pareto Securities

For those who are custody account holders at Pareto Securities, allotted shares will be booked against debiting of cash at the specified depository on or around 29 March 2021, when notification of allotment is sent, and at the latest on the settlement date of 31 March 2021. Note that funds for the payment of allotted shares must be available in the depository at the latest on the settlement date of 31 March 2021.

## Via Aktieinvest

For those who are custody account holders at Aktieinvest, allotted shares will be booked against debiting of cash at the specified depository on or around 29 March 2021, when notification of allotment is sent, and at the latest on the settlement date of 31 March 2021. Note that funds for the payment of allotted shares must be available in the depository from the final application date of 25 March 2021 through the settlement date of 31 March 2021.

## Via Avanza

For those who are custody account holders at Avanza, allotted shares will be booked against debiting of cash at the specified depository on or around 29 March 2021, when notification of allotment is sent, and at the latest on the settlement date of 31 March 2021. Note that funds for the payment of allotted shares must be available in the depository from the final application date of 25 March 2021 through the settlement date of 31 March 2021.

## Inadequate or incorrect payment

If sufficient funds are not available in the bank account, securities deposit or investment savings account on the settlement date, or if full payment is not made at the correct time, allotted shares can be assigned or sold to another party. Should the selling price during such a transfer be less than the Offering price according to the Offering, the party originally allotted these shares may be responsible for the difference.

## Offering to institutional investors

### APPLICATION

For institutional investors in Sweden and abroad the application period is 17 March 2021 – 26 March 2021. The application shall be made to the Joint Global Coordinators in accordance with specific instructions. LMK Group retains the right to shorten or prolong the application period for the institutional offering. Such a shortening or prolongation of the application period will be publicised by the Group in the form of a press release prior to the expiration of the application period.

### ALLOTMENT

A decision regarding the allotment of shares will be made by the Principal Shareholder in consultation with the Group's board of directors and the Joint Global Coordinators, the goal being to achieve a good institutional shareholder base and a broad distribution of the shares among the general public so as to facilitate regular and liquid trading in the Group's shares on Nasdaq First North Premier Growth Market. The allotment decision will be entirely discretionary and there will be no guarantee for allotment. Institutional investors who have agreed to acquisition undertakings may be given special consideration in the allotment process. Please refer to section "*Legal considerations and supplementary information – Acquisition undertakings*" for further information regarding the parties having agreed upon acquisition undertakings and the terms and conditions regarding these.

### NOTIFICATION OF ALLOTMENT

Institutional investors are expected to be notified about the allotment in a specific order on or around 29 March 2021 and the contract note is sent thereafter.

### PAYMENT

Full payment for allotted shares shall be made in cash against the delivery of shares no later than 31 March 2021 in accordance with instructions on the issued contract note.

## INADEQUATE OR INSUFFICIENT PAYMENT

Note that if full payment is not received within the prescribed time, allotted shares may be assigned to another party. Should the selling price during such a transfer be less than the Offering price according to the Offering, the party originally allotted these shares may be responsible for the difference.

## REGISTRATION AND ACCOUNTING OF ALLOTTED AND PAID SHARES

For both institutional investors and the general public in Sweden, registration of allotted and paid shares with Euroclear Sweden is expected to take place on or around 31 March 2021, after which Euroclear Sweden will send a securities notice, indicating the number of shares in LMK Group registered on the recipient's securities account. Notification to shareholders whose shares are nominee-registered takes place in accordance with the respective nominee's procedures.

## ANNOUNCEMENT OF THE OUTCOME OF THE OFFERING

The final outcome of the Offering will be published in the form of a press release which will also be available on the Group's website, [www.lmkgroup.se](http://www.lmkgroup.se), on or around 29 March 2021.

## LISTING OF THE SHARES ON NASDAQ FIRST NORTH PREMIER GROWTH MARKET

LMK Group's board of directors has applied for the listing of the Group's shares on Nasdaq First North Premier Growth Market. Nasdaq First North Premier Growth Market is an alternative marketplace operated by the various exchanges within the Nasdaq Group. Companies on Nasdaq First North Premier Growth Market are not subject to the same rules as companies on the regulated main market. Instead, they are subject to a less extensive set of rules and regulations adjusted to smaller growth companies. Nasdaq Stockholm AB ("the Exchange") approves the application for admission to trading. On the 2 March 2021, the Exchange announced that it had made the assessment that the Company fulfils the current listing requirements of Nasdaq First North Premier Growth Market and that the Exchange will approve an application on admission to trading of the Company's shares on Nasdaq First North Premier Growth Market, subject to customary conditions. Provided that the application is granted, trading of the shares is expected to commence on 29 March 2021. A condition for approval is that the distribution requirement for the Group's shares is fulfilled at the latest on the first day of trading.

The shares will be traded under the short name (ticker) LMKG and with the ISIN code SE0015556873.

### TRADING IN SHARES

Trading in shares will commence before the conditions for the completion of the Offering are fulfilled, for further information please refer to heading "*Conditions for the completion of the Offering*". Trading will be conditional upon the fulfilment of the conditions, and the Offering may thus not be completed until these have been fulfilled. If the Offering is not completed, any delivered shares shall be returned and any payments refunded.

### STABILISATION

In connection with the Offering, Pareto Securities may conduct transactions to support the share price or market price of the shares or otherwise affect the price of shares for up to 30 calendar days from the first day of trading of the shares on Nasdaq First North Premier Growth Market. Pareto Securities is not obliged to take such stabilisation measures, and such stabilisation measures, if they occur, may be discontinued at any time without prior notice. Please refer to section "*Legal considerations and supplementary information*" under "*Stabilisation*" for more information.

### DIVIDEND RIGHT

The shares offered in connection with the Offering carry the right to dividend from the first dividend record date following the Offering. If provided, dividends are paid on the basis of a decision taken at the general meeting. Payment will be administered by Euroclear Sweden AB or, for nominee-registered share ownership, in accordance with the respective nominee's procedures.

### IMPORTANT INFORMATION REGARDING THE POSSIBILITY OF SELLING ALLOTTED SHARES

Notification about the allotment to the general public in Sweden is made by the sending of a contract note, which is expected to take place on or around 29 March 2021. After payment for allotted shares are handled by Aktieinvest, paid shares will be transferred to the securities deposit or securities account specified by the acquirer. The time required for transfer and registration of payment and transfer of paid shares to the acquirers of shares in LMK Group may mean that these acquirers will not have acquired shares available on the designated securities deposit or securities account until at the earliest on or around 31 March 2021. Trade in LMK Group's shares on Nasdaq First North Premier Growth Market is expected to commence on or around 29 March 2021. Investors are advised that shares may not be available on

the acquirer's securities account or securities deposit until at the earliest on or around 31 March 2021, which may entail that the acquirer does not have the opportunity to sell these shares on the trading venue from the date the trading in the share commenced, but only when the shares are available on the securities account or the securities deposit.

### IMPORTANT INFORMATION REGARDING LEI AND NID WHEN ACQUIRING SHARES

According to the Directive 2011/61/EU of the European Parliament and of the Council (MiFID II) all investors need a global identification code to be able to carry out securities transactions from 3 January 2018.

These requirements call for all legal entities to apply for registration of a LEI-code (Legal Entity Identifier), and all physical persons to learn their NID-number (National Client Identifier), in order to be able to acquire shares in LMK Group. Observe that it is the investor's legal status that determines whether a LEI-code or NID-number is required, and that Aktieinvest may not be able to execute the transaction for the person in question if a LEI-code or NID-number (as applicable) is not presented. Legal entities needing to acquire a LEI-code can turn to any of the suppliers available on the market. Instructions regarding the global LEI-system can be found on [www.gleif.org](http://www.gleif.org). For physical persons with only a Swedish citizenship, the NID-number is "SE" followed by the personal identity number. If the person in question has multiple citizenships or another citizenship than Swedish, the NID-number can be any other type of number.

### DIFFERENCES IN TAX LEGISLATION CAN AFFECT THE INCOME OF THE SECURITIES

The tax legislation in the investor's country and the Group's country of registration may affect any income received from the securities. The taxation of each individual investor depends on their particular circumstances. Each investor should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign tax rules and tax treaties. For more information regarding tax on dividends, please refer to section "*Taxation*".

### CONDITIONS FOR THE COMPLETION OF THE OFFERING

The Group, the Selling Shareholders and the Joint Global Coordinators intend to enter into an agreement on the placing of shares in the Group around 29 March 2021 (for further information regarding

the agreement please refer to section "*Legal considerations and supplementary information – Placing agreement*").

The Offering is conditional upon (i) that the placing agreement is entered into, (ii) that certain conditions under the placing agreement are fulfilled, (iii) that the placing agreement is not terminated, (iv) that interest in the Offering according to the Joint Global Coordinators is considered great enough for satisfactory trading in the share, and (v) that no events take place that have such a negative impact on the Group that completing the Offering is considered unfeasible ("Material Adverse Events"). Such Material Adverse Events may, for example, be economic, financial or political in nature and may relate to Material Adverse Events in Sweden or abroad. When determining if the interest in the Offering is sufficient for a satisfactory trading in the Group's shares, factors such as the number of received applications and the aggregated amount applied for will be considered. This assessment is made by the Joint Global Coordinators. In the event that the Issue proceeds do not amount to at least 250 million, the Offer will be withdrawn and the subsequent listing on the Nasdaq First North Premier Growth Market will not take place. If the conditions described above are not met, the Offering may be cancelled, which can happen until the settlement date of 31 March 2021. In that case, neither delivery nor payment for shares will be completed in conjunction with the Offering. Any payments will be refunded in the event that the Offering is not completed. If the Offering is cancelled it will be announced by the Group by way of a press release no later than 31 March 2021 and received applications will be disregarded.

#### **INFORMATION ON HANDLING PERSONAL DATA**

Anyone applying to acquire shares in the Offering will submit personal data to Aktieinvest FK AB. Personal data submitted to Aktieinvest will be processed in data systems to the extent required

to provide services and manage customer arrangements. Personal data obtained from sources other than the applicant may also be processed. The personal data may also be processed in the data systems of companies or organisations with whom Aktieinvest cooperates. Information pertaining to the handling of personal data is provided by Aktieinvest, which is the data controller for the handling of personal data. Aktieinvest accepts requests for the correction or deletion of personal data at the address specified in section "*Addresses*".

#### **OTHER INFORMATION**

In the event that a larger amount than required has been paid by an applicant for the acquisition of shares, Aktieinvest FK AB will arrange for the excess amount to be refunded. However, amounts less than SEK 100 will not be refunded. Incomplete or incorrectly completed application forms may be disregarded. If the acquisition payment is made too late or is insufficient the application for acquisition of shares may be disregarded. The acquisition payment will in such case be refunded.

Aktieinvest acts as issuing agent for the Group. Prior to the Offering, Aktieinvest holds no shares in LMK Group. The fact that Aktieinvest acts as issuing agent does not imply that Aktieinvest regards any party that applies for an acquisition in the Offering ("the Acquirer of Shares") as a client of Aktieinvest for the investment. The consequence of Aktieinvest not regarding the Acquirer of Shares as a client for the investment is that the rules for protecting investors under the Securities Market Act (*Sw. lagen om värdepappersmarknaden (2007:528)*) will not apply. Among other things, this means that neither client classification nor suitability assessment will be applied in connection with the investment. As a result, the Acquirers of Shares are themselves responsible for having adequate experience and knowledge to understand the risks associated with the investment.







# Market overview

*This section contains certain market and sector related information that has been provided by third parties, including statistics and information from trade publications and other publicly available information. Although the information has been reproduced correctly and the Group considers the sources to be reliable, the Group has not independently verified the information, which is why its accuracy and completeness cannot be guaranteed. However, as far as the Group is aware and can ascertain from information that has been published by these sources, no facts have been omitted that would render the reproduced information inaccurate or misleading. The calculations and future oriented information in this section do not constitute any guarantee of future performance, and actual events and circumstances may differ significantly from the current expectations. Unless otherwise specified, information is based on the Group's own analyses and assessments.*

## Introduction

LMK Group supplies meal kit solutions to customers in Scandinavia through four brands within three subsidiaries. The Group offers its customers a subscription service with a large selection of recipes each week (40–50 recipes in Sweden and Norway, respectively, and 14 in Denmark, of which at least 50 per cent are new recipes compared to the previous week), making it possible for customers to tailor their menu. The service provides customers with the essential ingredients needed to prepare the meals from scratch, in the form of packaged home deliveries containing the recipe and the ingredients ("meal kits").

LMK Group is active in the Scandinavian market, operates through subsidiaries in Sweden (Carolinas Matkasse AB), Norway (Godtlevvertgruppen AS) and Denmark (Retnemt.dk ApS).

The customer activates and manages the subscription service online or in the mobile application, specifying a preselection based on their own preferences. The customer chooses the number of people the food shall be prepared for, the number of dinners per week and the type of food the customer prefers, if they don't want to tailor their own menu each week. It is also easy to pause a delivery week or purchase a limited number of groceries.

The food market is multi faceted and can be segmented in various ways. In this market overview, the Group considers it relevant to look at the market for home delivery of restaurant food, the food market in general and trends in the e-commerce market. However, the Group's offering is most closely related to the global market for meal kits. In LMK Group's assessment, competitors in the meal kits market can be categorised according to whether the operator offers 1) free pick (ordering of separate food items online), 2) fixed meal kits, or 3) flexible meal kits. According to the Group, there is a clear trend in the meal kit market towards increased demand for flexibility, which has put pressure on fixed meal kit operators. Fixed meal kits refer to operators who offer one or more weekly menus, where the customer has no option of replacing recipes or dishes within a selected menu. With flexible meal kits, the customer can tailor their own food bag from a selection of recipes, where the number of recipes to choose from varies from operator to operator. Pure free pick operators that offer meal kits as a secondary service are also affected, as they are faced with increased logistical challenges in the distribution of flexible meal kits.

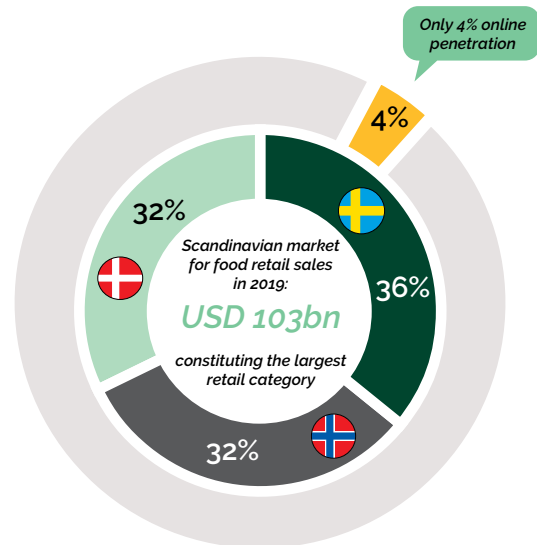
## Market overview

Food represents a large proportion of total consumer expenditure. According to Grand View Research, consumers spent a total of approximately USD 11,700 billion on food globally in 2019.<sup>1)</sup> The consumers on the markets in which the Group operates usually spread their food consumption over approximately 90 meals per month. The Group reaches these households through its customer base, which totalled around 115,000 active customers at the end of December 2020. Through its strong brand knowledge and quantitative approach to marketing, the Group believes that it will be able to grow its base of active customers significantly over time. In the Group's assessment, the growth on its markets is driven by a number of underlying trends that are steering customer behaviour towards a more aware lifestyle, with the focus on convenience, food quality, sustainability and transparency. There is also a strong global trend towards increased e-commerce, which has been accelerated by the ongoing pandemic.

The Scandinavian market for food totalled approximately USD 103 billion in 2019.<sup>2)</sup> Sweden accounted for the largest share of this, with approximately 36 per cent or around USD 36 billion, followed by Norway and Denmark, each with approximately 32 per cent, which is

equivalent to around USD 33 billion. The majority of the market is still made up of physical shopping, with online penetration in Scandinavia amounting to just 4 per cent in 2019.<sup>3)</sup> The graph below presents the distribution per country:

### SCANDINAVIAN MARKET FOR FOOD AND MARKET PENETRATION (USD BILLION, 2019)<sup>1)</sup>



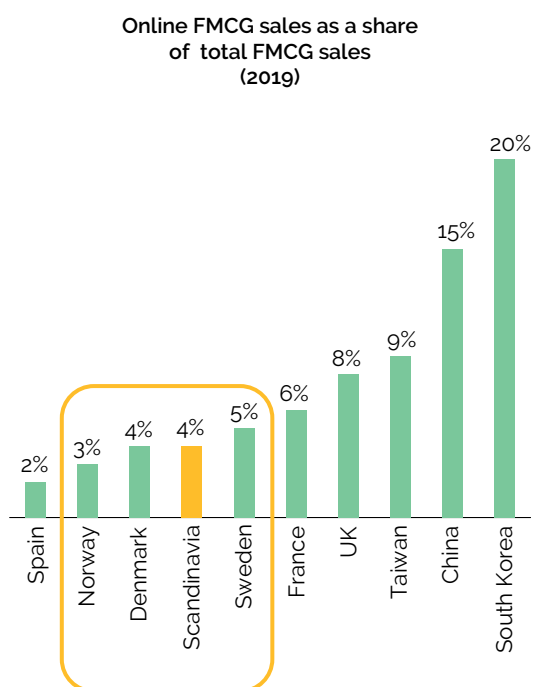
1) Deloitte, "Nordic Retail Industry 2020" (2020).



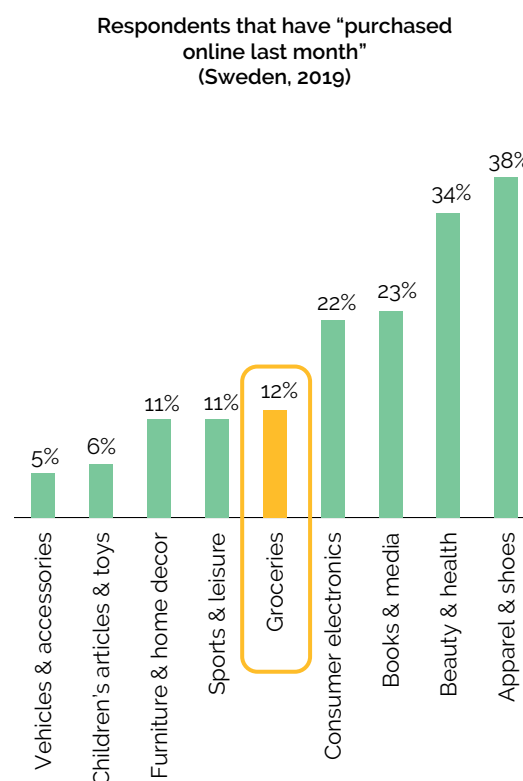
1) Deloitte, "Nordic Retail Industry 2020" (2020).  
 2) Deloitte, "Nordic Retail Industry 2020" (2020).  
 3) Statista (2020), and Nets, "Nordic e-commerce 2019" (2019).

The market for online sales of fast-moving consumer goods (FMCG)<sup>1)</sup> as a share of total sales of FMCG in Scandinavia stood at between 3 and 5 per cent in 2019. Online penetration in the segment amounted to 5 per cent in Sweden, 4 per cent in Denmark and 3 per cent in Norway. Geographic areas such as South Korea and China have a significantly higher level of online penetration, at 20 and 15 per cent respectively. The corresponding figure in Sweden was less than 12 per cent. The graphs below present the distribution in geographic areas and product categories:<sup>2), 3), 4)</sup>

### ONLINE PENETRATION WITHIN SELECTED GEOGRAPHIC AREAS<sup>1), 2)</sup>



### ONLINE PENETRATION WITHIN SELECTED PRODUCT CATEGORIES<sup>3)</sup>



1) Statista (2020).

2) Nets, "Nordic e-commerce 2019" (2019).

3) PostNord, "E-barometern Årsrapport 2019" (2019).

1) *Fast-Moving Consumer Goods* (FMCG) are products that are quickly sold and at a relatively low cost, e.g. household items that are consumables such as packaged food, beverages, toiletries, sweets, make-up, etc.

2) Statista (2020).

3) Nets, "Nordic e-commerce 2019" (2019).

4) PostNord, "E-barometern Årsrapport 2019" (2019).

## The e-commerce market

The Group's sales model is dependent on the customer visiting one of the Group's brands' websites, being contacted by or making contact with the Group by telephone, before going on to order and purchase meal kits. From the Group's perspective, trends in the e-commerce market are therefore deemed to be an important driving force.

The global e-commerce market grew by an average compounded annual growth rate ("CAGR") of approximately 23 per cent between 2015 and 2019.<sup>1)</sup> For the period 2019–2024, the CAGR is expected to amount to approximately 32 per cent.<sup>2)</sup> E-commerce in the Scandinavian countries grew by a CAGR of 13.2 per cent in Denmark, 11.2 per cent in Norway and 15.4 per cent in Sweden for the period 2015–2019. The corresponding figures for the period 2019–2024 are expected to be 9.2 per cent in Denmark, 9.8 per cent in Norway and 14.5 per cent in Sweden, as set out in the table below.<sup>3)</sup>

### THE E-COMMERCE MARKET (PER CENT)<sup>1)</sup>

Country	2015–2019 CAGR	2019–2024E CAGR
Denmark	13.2%	9.2%
Norway	11.2%	9.8%
Sweden	15.4%	14.5%

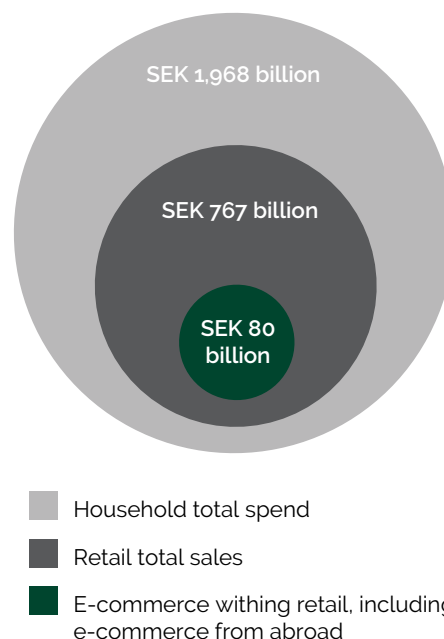
1) Euromonitor International, "E-commerce in Western Europe" (2018).

### SWEDEN

Online shopping can also be viewed in relation to how much households consume in total. Swedes spend approximately SEK 80 billion on retail online shopping annually, which is equivalent to approximately 10.4 per cent of the total retail sales in Sweden or approximately 4.1 per cent of total household consumption. Total e-commerce in Sweden in 2019 amounted to a total of SEK 310 billion.<sup>4)</sup> Approximately 94 per cent of all growth for consumer discretionary in Sweden is deemed to be attributable to e-commerce, with only 6 per cent of the growth being attributable to physical stores. The distribution between total household consumption, total retail sales and e-commerce in Sweden is set out in the graph below.<sup>5)</sup>

- 1) Statista, "Retail e-commerce sales worldwide from 2014–2023" (2020).
- 2) Business Wire, "Global E-commerce Market (2019–2024)" (2019).
- 3) Euromonitor International, "E-commerce in Western Europe" (2018).
- 4) Nets, "Svensk E-handel 2019" (2019).
- 5) Svensk Handel, "Det stora detaljhandelsskiftet" (2018).
- 6) Statista (2020).
- 7) Nets, "Nordic e-commerce 2019" (2019).
- 8) Svensk Digital Mathandel, "Digital Mathandel 2018" (2018).
- 9) Svensk Handel, "Det stora detaljhandelsskiftet" (2018).
- 10) Svensk Handel, "Den fysiska handelsplatsen i en digital värld" (2019).

### BREAKDOWN OF TOTAL HOUSEHOLD CONSUMPTION<sup>1)</sup>



1) Svensk Handel, "Det stora detaljhandelsskiftet" (2018).

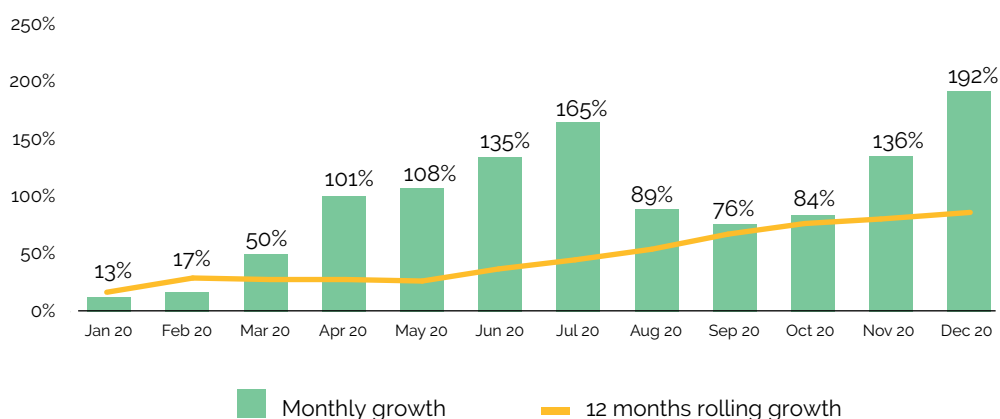
Physical stores have experienced a lower rate of growth than e-commerce. E-commerce is therefore often viewed as being the opposite of shopping in physical stores, and is growing rapidly in line with increasing digitalisation and shifting consumer behaviour. E-commerce for retail grocery purchases is growing strongly, but market penetration is still low, representing only around 5 per cent of the total food market.<sup>6), 7)</sup> The growth of consumers who shop for food online is also dependent on the geographic market. Online food shopping in Sweden, which includes prepared food and individual ingredients, has increased in all areas, both urban and rural. However, it is the major cities that are driving this growth. One possible explanation for this is that the high population density reduces transport costs and allows a wider range of e-businesses.<sup>8)</sup>

Historically, major changes in the retail sector have meant that grocery shopping has been a central and driving force for change. Svensk Handel<sup>9)</sup> is of the opinion that a larger proportion of food online will result in fewer visits to physical trading venues in general, where the grocery stores are often the anchor. In the long run, online food purchases will therefore drive an ever-larger share of e-commerce purchases among all purchases of retail goods.<sup>10)</sup>

### Market growth within the Swedish online grocery sector

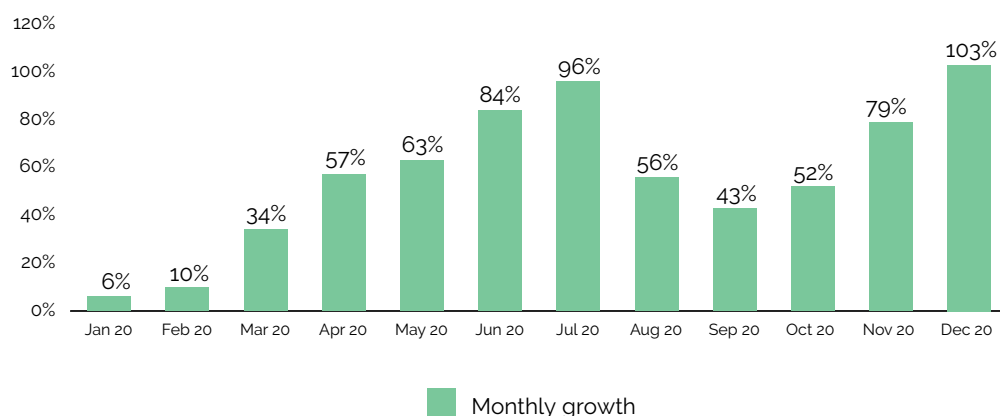
There has been strong market growth within the Swedish grocery sector since the outbreak of the pandemic. The graphs below present the growth reported by the grocery sector compared to the corresponding month the previous year. The monthly growth in the online grocery sector increased by 95 per cent in December 2020 (rolling 12 months). The growth of e-commerce within grocery retailing with home delivery has increased by between 30–103 per cent per month since the outbreak of the pandemic in March 2020.<sup>1)</sup>

### TOTAL MARKET GROWTH IN THE SWEDISH GROCERY SECTOR PER MONTH (E-COMMERCE)<sup>1)</sup>



1) Svensk Dagligvaruhandel and HUI Research, "Dagligvaruindex december 2020" (2020).

### TOTAL MARKET GROWTH IN THE SWEDISH GROCERY SECTOR PER MONTH (E-COMMERCE WITH HOME DELIVERY)<sup>1)</sup>



1) Svensk Dagligvaruhandel and HUI Research, "Dagligvaruindex december 2020" (2020).

1) Svensk Dagligvaruhandel and HUI Research, "Dagligvaruindex december 2020" (2020).



## NORWAY

In total, Norwegians spent more than NOK 163 billion shopping online in 2019, which is the highest recorded figure ever. This represents an increase of approximately 13 per cent compared to 2018, when the market was judged to amount to just under NOK 145 billion. Physical goods accounted for approximately 29 per cent of the total market, equivalent to approximately NOK 47 billion.<sup>1)</sup>

A trend towards increased online consumption can be discerned among all age groups in Norway. 74 per cent of consumers in 66–74 years age group have purchased goods online during 2019. The 25–44 years age group is most likely to shop online, where the proportion is estimated at approximately 91 per cent. Furthermore, according to a report from Nettpilot, the most common reasons for Norwegians to shop online are practi-

cality and time-saving, which were cited by 24 per cent of the respondents in the survey. Among families, one of the main reasons was not having to spend time and effort carrying and transporting children and goods around a supermarket. As a result, this group of customers is happy to order goods online.<sup>2)</sup>

## DENMARK

Danes spent more than DKK 140 billion shopping online in 2019, corresponding to an increase of approximately 5.4 per cent compared to 2018. Physical goods accounted for approximately 34 per cent of the total online market, equivalent to approximately DKK 49 billion, with the remaining 66 per cent consisting of travel and services.<sup>3)</sup> In a report produced by Nettpilot, approximately 23 per cent of respondents had purchased food online in 2019, corresponding to an increase of approximately 11 per cent compared to 2018.<sup>4)</sup>

1) Nettpilot, "Norsk e-handel 2019" (2020).

2) Nettpilot, "Norsk e-handel 2019" (2020).

3) Nettpilot, "Norsk e-handel 2019" (2020).

4) Nettpilot, "Norsk e-handel 2019" (2020).

## Market segments

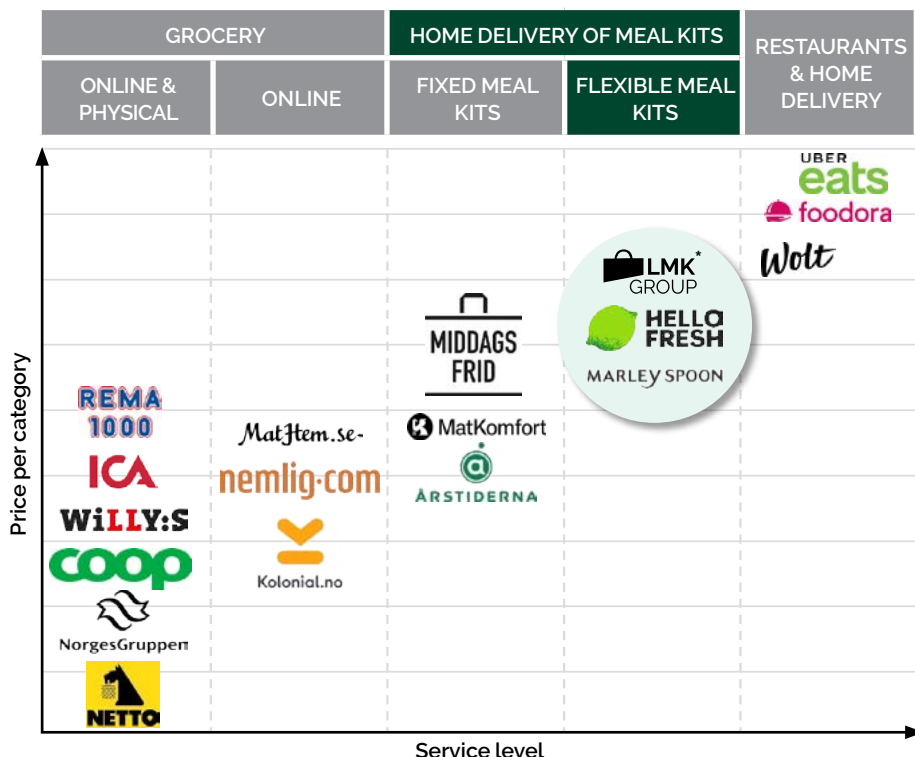
The Group considers that the Scandinavian food market can be divided into three (3) different market segments.

- (i) **Grocery stores:** These can be further divided into online businesses, with operators such as mathem.se, Kolonial and nemlig.com, as well as operators that also have physical retail operations, such as ICA, Axfood, Coop, Rema 1000, NorgesGruppen and Netto.
- (ii) **Restaurants and home deliveries:** This category includes operators such as UberEats, Wolt and Foodora.

- (iii) **Home delivery of meal kits:** This market segment can be divided into fixed meal kits, with operators such as MatKomfort, Årstiderna and Middagsfrid, as well as flexible meal kits with operators such as LMK Group, HelloFresh and Marley Spoon.

Below is an overview of the Scandinavian food and home delivery market, as well as the main players in each segment.

### OVERVIEW OF THE SCANDINAVIAN FOOD AND HOME DELIVERY MARKET



NOTE: \*) includes LMK Group, with its brands Linas Matkasse, Adams Matkasse, Godtleveret and RetNemt. Illustrative overview of the food market in Scandinavia based on the Group's experience and market knowledge

## Market segments (i) grocery stores and (ii) restaurants and home deliveries

In addition to the market for the home delivery of meal kits, which is the Group's primary market, the Group considers two other sub segments of the global food market to be relevant: (i) the market for grocery stores and (ii) the market for restaurants and home deliveries. The global market for grocery stores is estimated to approximately USD 6,100 billion<sup>1)</sup> and the market for restaurants and home deliveries to approximately USD 1,400 billion.<sup>2)</sup>

Market	Estimated global size (USD billion)	Comments
(i) Grocery stores	6,100	The Group believes that home delivered meal kits is a substitute to purchase ingredients separately
(ii) Restaurants and home deliveries	1,400	The Group believes that home delivered meal kits is a substitute to restaurant visits, or alternatively order home restaurant food

### MARKET SEGMENT (I) GROCERY STORES

#### Total market

On a global level, the market for grocery stores has an anticipated average annual growth rate of 5.0 per cent for the period 2020–2027.<sup>3)</sup> The global growth is could be explained by a number of reasons, including a growing population, increased disposable income and a growing middle class, particularly in developing countries.<sup>4)</sup>

The Scandinavian market for food is estimated to amount to approximately USD 102.5 billion in 2019.<sup>5)</sup> The market in each country has some correlation with the number of inhabitants, and Sweden represents the largest single market, with approximately 36 per cent of food sales in Scandinavia. The estimated food sales and distribution per country are presented in the figures below.

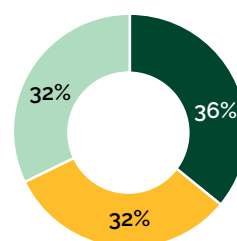
### SCANDINAVIAN FOOD SALES 2019<sup>1)</sup>

Country	Population (Million citizens)	Scandinavian retail food sales in 2019 (USD billion)
Denmark	5.8	32.9
Norway	5.3	33.2
Sweden	10.2	36.4
<b>Total</b>	<b>21.3</b>	<b>102.5</b>

1) Deloitte, "Nordic Retail Industry 2020" (2020).

### SCANDINAVIAN FOOD SALES 2019 (PER CENT<sup>1)</sup>)

Scandinavian retail food sales in 2019 (USD 103 billion in total)



■ Sweden ■ Norway ■ Denmark

1) Deloitte, "Nordic Retail Industry 2020" (2020).

1) Euromonitor International, "World Grocery Retail Market" (2018).

2) Euromonitor International, "Consumer Foodservice Global Industry Overview" (2017).

3) Grand View Research, "Food & Grocery Retail Market Size, Share & Trends Analysis Report by Product (Packaged Food, Unpackaged Food), By Distribution Channel, By Region, And Segment Forecasts, 2020 - 2027" (2020).

4) Grand View Research, "Food & Grocery Retail Market Size, Share & Trends Analysis Report by Product (Packaged Food, Unpackaged Food), By Distribution Channel, By Region, And Segment Forecasts, 2020 - 2027" (2020).



The Scandinavian market for grocery stores is consolidated compared to many other European countries, although certain niche e-commerce platforms in the sector have demonstrated strong growth in recent times. The largest player in Sweden is ICA, with a market share of approximately 51.5 per cent, followed by Axfood at around 17.8 per cent and Coop at around 16.9 per cent.<sup>1)</sup> In Norway, NorgesGruppen is the largest player with approximately 43.2 per cent of the total market, followed by Coop at approximately 29.3 per cent and Rema 1000 at around 23.7 per cent.<sup>2)</sup> Denmark's leading player is Netto at approximately 35.2 per cent, followed by Coop and Rema 1000 at approximately 34.5 and approximately 11.9 per cent respectively.<sup>3)</sup>

#### **Ordering food online (free pick)**

Online grocery shopping is a segment of the market that is growing rapidly, but still accounts for a relatively small proportion of the total sales volume. Sales for the digital grocery sector in Sweden totalled approximately USD 1.8 billion in 2019.<sup>4)</sup> The digital grocery sector thereby accounted for around 5 per cent of total food sales in Sweden, with MatHem being one of the operators.<sup>5), 6)</sup> At the same time as pure online players are demonstrating strong growth, the major chains, including ICA, Coop, Axfood, Rema 1000, NorgesGruppen and Netto, have implemented a functioning e-commerce business. These operators tend to benefit from their strong position on the market through high levels of customer awareness, established brands and existing logistics networks.<sup>7)</sup> Some of them have also begun offering ready-made meal kits, which therefore means that the product is getting closer to the Group's offering. However, the meal kits provided by these operators are not flexible and customers do not have the opportunity to select and adapt their meal kits. Instead, the product offering contains a meal kit with a predetermined menu. LMK Group differentiates itself from grocery stores by offering a complete solution. The Group considers that many potential customers vary

their day-to-day diet very little and lack inspiration for a varied diet. With meal kits, the customer can choose from a large selection of meals each week, and all the ingredients are delivered to their home along with the recipes in carefully measured quantities according to the number of meals. Purchasing food normally requires physical visits, and both physical and online shopping require the planning of dishes and the ordering of ingredients, which require more time and planning.

## **MARKET SEGMENT (II) RESTAURANTS AND HOME DELIVERIES**

### **Total market**

The global market for restaurants and home deliveries is estimated to amount to approximately USD 1,400 billion.<sup>8)</sup> This broad definition includes restaurants, fast food chains, cafés and pubs.

### **Ordering restaurant food online**

In line with the emergence of digitalisation, more and more of these operators have begun offering delivery options directly to their customers' homes. The Group considers the market for home deliveries of food to be relevant from a competition perspective, with examples of established players in Scandinavia including UberEats, Foodora and Wolt. The global market is currently valued at approximately USD 111 billion and is expected to grow at a CAGR of approximately 11.5 per cent, resulting in a market of more than USD 154 billion by 2023.<sup>9)</sup> LMK Group is of the opinion that restaurants appeal to customers who want to eat outside the home and who are willing to pay a premium for service. Furthermore, home deliveries of restaurant food appeal to customers who don't want to cook due to a lack of time or inspiration. The Group considers LMK Group differentiated compared to home deliveries of restaurant food, as it achieves a lower price per meal at the same time as being a healthier alternative that is well suited to being eaten several days a week.

1) Deloitte, "Nordic Retail Industry 2020" (2020).

2) Deloitte, "Nordic Retail Industry 2020" (2020).

3) Deloitte, "Nordic Retail Industry 2020" (2020).

4) Deloitte, "Nordic Retail Industry 2020" (2020).

5) Swedish Digital Mathandel, "Digital Mathandel 2018" (2018).

6) Deloitte, "Nordic Retail Industry 2020" (2020).

7) Swedish Digital Mathandel, "Digital Mathandel 2018" (2018).

8) Euromonitor International, "Consumer Foodservice Global Industry Overview" (2017).

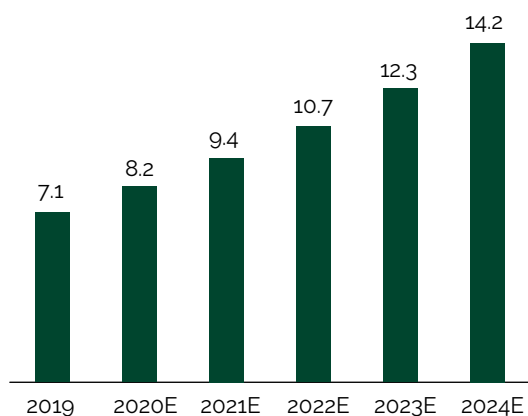
9) Grand View Research, "Meal Kit Delivery Services Market Size, Share & Trends Analysis Report By Offering (Heat & Eat, Cook & Eat), By Service (Single, Multiple), By Platform (Online, Offline), By Region, And Segment Forecasts, 2020-2027" (2020).

## Market segment (iii) Home delivery of meal kits

The market for home deliveries of meal kits differs from the markets mentioned above. The home delivery of meal kits is a subscription service that delivers carefully measured ingredients and recipes to enable the customer to prepare home made food – not pre-prepared dishes or separate ingredients without a recipe. As a result, this market is closest to LMK Group's offering. The total global market amounted to approximately USD 7 billion in 2019. This market is expected to grow at a CAGR of approximately 14.8 per cent, which means that the market by this definition is expected to amount to approximately USD 14.2 billion by 2024.<sup>1)</sup> However, the sub segments for home deliveries of meal kits and online grocery shopping do overlap to a certain extent, with some online grocery stores also offering home deliveries of meal kits.

The global market's total sales volume in 2019 and forecast sales volumes for the years 2020–2024 for home deliveries of meal kits are presented in the graph below.

### GLOBAL MARKET FOR HOME DELIVERY OF MEAL KITS (USD BILLION)<sup>1)</sup>



1) MarketWatch, "Global Meal Kit Delivery Services Market Growth (Status and Outlook) 2019–2024" (2020).

According to the Group, the market for home deliveries of meal kits can be divided into two distinct segments: *fixed meal kits* and *flexible meal kits*. There is also a sub segment in the meal kit market – ready-to-heat products.

#### **Fixed meal kits**

The customer orders a meal kit with a fixed meal set. For the customer, there is no need or reason to plan the meals themselves – the supplier makes the decisions instead and the customer has to adapt to the given menu. In addition to a very limited selection of recipes, these suppliers often offer a limited delivery service. Customers usually have only one delivery day to choose from, and must decide in ample time in order to have their food bag delivered on this day. According to the Group, the core customer group comprises of busy adults in households with children at home, where both parents work and have a good income.

#### **Flexible meal kits**

Flexible meal kits are a development and refinement of the more basic original fixed meal kit concept. Flexible meal kits mean that customers themselves can add or remove certain recipes according to their own preferences. There is significantly greater choice, both in terms of the number of recipes and the potential for adapting these, for example by replacing protein in the recipe, but also regarding the flexibility of the delivery. According to the Group, the core customer group comprises busy adults in households with children at home, where both parents work and have a good income. In addition, the core customer for flexible meal kits, according to the Group, is adaptable and follows their purchasing pattern in line with the general e-commerce trend.

Through the introduction of meal kits with flexible recipes, combined with an increase in the number of grocery stores online, considerable pressure has been placed on operators that only offered fixed meal kits. The Group is of the opinion that operators providing fixed meal kits, with the exception of those that are very small and niche, will find it difficult over time to compete with the operators that are offering flexible meal kits.

1) MarketWatch, "Global Meal Kit Delivery Services Market Growth (Status and Outlook) 2019–2024" (2020).

### **The market for ready-to-heat products**

A sub segment in the meal kit market is ready-to-heat products. Ready-to-heat products require very little effort in terms of preparation for the consumer, and simply need to be heated. Classic frozen products, such as those based on meat, fish or vegetables, frozen pizzas and similar products, fall within this segment. The market size is estimated at just over USD 500 billion in 2020, with sales expected to grow at a CAGR of approximately 0.5 per cent over the period 2020–2025.<sup>1)</sup>

The Group has observed a growing trend whereby leading global players in the flexible meal kits segment (see the section “*Competitive situation*” for more information) have recently diversified their offering by also becoming more active in the ready-to-heat segment. Below are three examples of acquisitions in this sector:

- ◆ HelloFresh's purchase of Factor75 Inc, a leading player in the ready-to-heat segment. The purpose of the transaction was stated as being to increase the company's addressable market by diversifying their offering through ready-to-heat alternatives, yet by utilising existing economies of scale.<sup>2)</sup>
- ◆ Nestlé's acquisition of Freshly and Mindful Chef. Freshly was established in 2015 and delivers a ready-to-heat menu with chef-prepared meals, primarily to customers in the USA. The purpose of the transaction was stated as being to combine Nestlé's research and development opportunities with Freshly's consumer analysis platform and distribution network, in order to promote growth opportunities.<sup>3)</sup> Mindful Chef is a British meal kit & ready-to-heat company that was acquired in November 2020.<sup>4)</sup>

### **HISTORICAL DEVELOPMENT OF THE MEAL KIT MARKET**

The market for home deliveries of meal kits, above all in Denmark and Sweden, can generally be grouped into three phases: (I) fixed meal kits, (II) free pick and (III) flexible and customised meal kits. The various solutions have been created and emerged in line with customers' changing preferences and shopping patterns in recent years.

In the Group's opinion, the market for home deliveries of meal kits in Sweden and Denmark was introduced around 2006–2007 as a result of increased digitalisation and increased demand to buy food online (phase I). The original business

model was created in Sweden, with LMK Group and Middagsfrid considered to be the pioneers that laid the foundations for the emergence of the meal kit market. The product being offered at the time comprised of fixed meal kits without any possibility of individual adaptation. At the time, meal kits were the only way for consumers to buy food online. The first customers used the service primarily to purchase food online, and saw great value in avoiding having to travel to the store, rather than specifically purchasing the service for flexible meal kits delivered to the home. The customer ordered the meal kits online or by telephone, which were then delivered to the customer's front door. The customer didn't have to think through 'What shall I have for dinner tonight?' as the meal kit operator took that decision on the customer's behalf. In recent times, consumer demand has shifted towards increased flexibility regarding recipes and delivery times, which has placed considerable pressure on the business model in the form of declining market shares for those operators offering fixed meal kits.

In line with the growth of online shopping, the food market has also evolved to have a greater online focus. Most of the new players offering home deliveries of food have tried to establish themselves on the market as a response to market developments. The major grocery stores also responded by offering their product range through online shopping. Customers were given flexibility and the option to choose to buy exactly what they wanted from the grocery store directly via their website, known as free pick (phase II). Some of the consumers who had previously purchased food online through predetermined, fixed meal kits shifted their purchasing behaviour towards free pick. Consumers' strong preference for flexibility, combined with the availability of food products online, laid the foundations for the strong growth of the free pick segment and online grocery stores. The customer orders food online through the grocery store's website, and the order is then delivered to their door or can be collected, ready-packed, from the store. The customer needs to think through and plan in order to prepare for the meal, as well as needing to be creative to cook the meal with the delivered ingredients. In the Group's opinion, most free pick operators do not design meal kits for their customers, and if they do, the customer will probably need to purchase more ingredients, such as spices. In

1) Statista, "Ready-to-heat Meals" (2020).

2) Businesswire, "HelloFresh Acquires Ready-to-Eat Meal Company Factor75, Inc." (2020).

3) Nestlé, "Nestlé USA acquires Freshly, a pioneer in healthy prepared meals" (2020).

4) New Food Magazine, "Nestlé buys majority stake in recipe box company Mindful Chef" (2020).

addition, customers need to look up and add recipes in order to plan and optimise the order.

Finally, the new operators or operators who previously only offered fixed meal kits have tried to adapt to customer demand and started to offer more flexible and adaptable solutions (phase III). These operators have introduced more recipes, made it possible for the customer to adapt their meal kits in line with their own preferences, and used local raw materials and ingredients in consultation with professional dieticians. In addition, they are focusing on reducing food waste by optimising purchases of ingredients, thereby reducing the amount of food that is purchased and then goes to waste. Thanks to this increased flexibility, it is possible to offer greater added value to consumers.

According to the Group, flexible meal kits are expected to target a larger group of customers compared to fixed meal kits, as the lack of flexibility has been one of the reasons for customers abandoning meal kit operators' service offerings in recent years. A number of major international players have achieved considerable success in this segment, including HelloFresh and Marley Spoon, which reinforces the argument that customers are demanding flexibility. By adding or removing particular recipes each week, the customer can adapt their meal kits to their own preferences and tastes. The business model for flexible meal kits requires a more complex value and logistics chain with established relationships with subcontractors, making it more difficult for new operators to replicate. The core customer is the same as for fixed meal kits, i.e. busy adults in households with children at home, where both parents have a good income. The Group is of the opinion that the addressable market increase with increased flexibility, primarily due to addressing a larger part of family households and couples.

## Competitive situation

LMK Group currently conducts operations in three (3) countries: Sweden, Norway and Denmark. There are a number of direct and indirect competitors for meal kit solutions in each individual market in which the Group operates. In the Group's assessment, LMK Group, with its local brands, is one of the market leaders when it comes to meal kit solutions in Norway, with a market share up to 95 per cent.<sup>1)</sup> In Sweden, LMK Group is one of the leading players for meal kit solutions, with a market share estimated at approximately 30 per cent.<sup>2)</sup> In Denmark, finally, the Group considers itself to be one of the leading players for meal kit solutions, with a market share estimated up to 20 per cent.<sup>3)</sup> These high market shares are based on the fact that the market has primarily consisted of fixed meal kits, where LMK Group has been one of the driving force on the market. In the yet undeveloped and significantly larger market for flexible meal kits, the Group consider its offering strong, with excellent potential to reach a strong position there as well.

### CATEGORISATION OF COMPETITORS

The competitors can be categorised according to whether the operator offers 1) free pick, 2) fixed meal kits or 3) flexible meal kits (see also the section "*The market for home deliveries of food and meal kits*" for more information):

1. Free pick – MatHem, Kolonial, nemlig.com (online sales only), as well as Willys, Coop and ICA (also sales in physical stores);
2. Fixed meal kits – MatKomfort, Årstiderna and Middagsfrid; and
3. Flexible meal kits – LMK Group, HelloFresh and Marley Spoon.

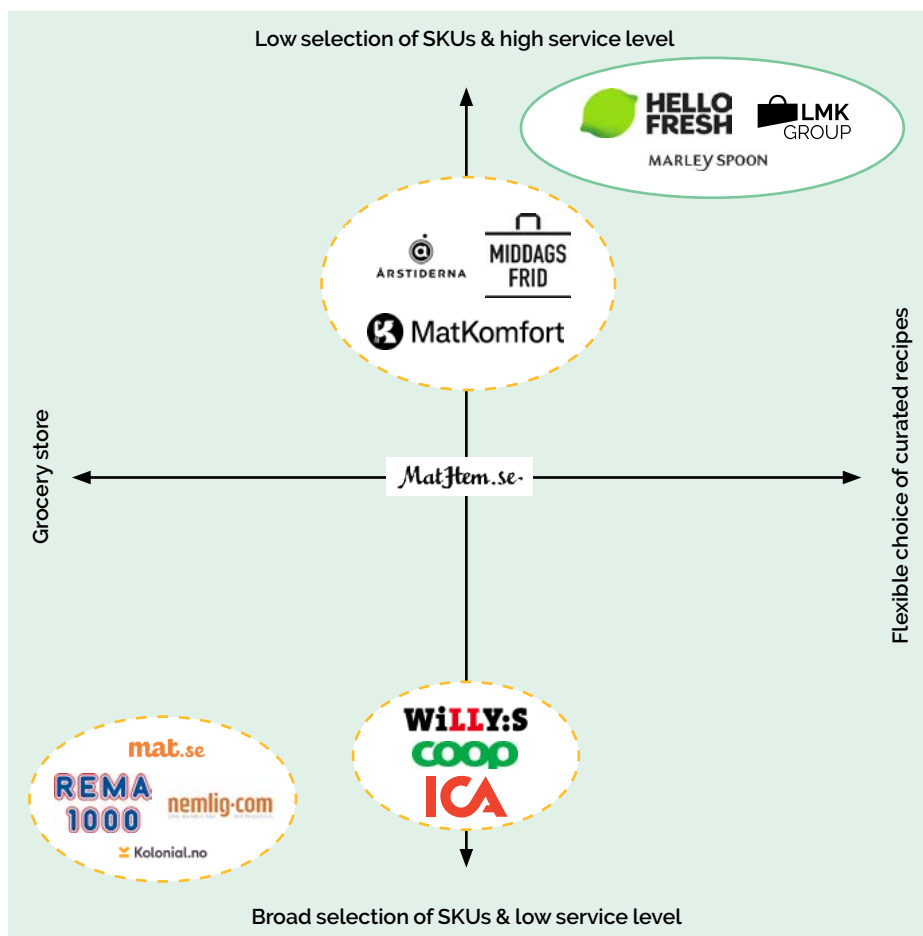
These operators can then be positioned according to their level of flexibility in the choice of recipes, as well as the number of offered goods and service levels as shown in the graph below. The Group's assessment is that LMK Group can be categorised in the same group as HelloFresh and Marley Spoon, based on the high level of flexibility and service level that LMK Group delivers.

1) In the Group's assessment, which is based on the fact that there are not that many other players active in the field of meal kit solutions.

2) In the Group's assessment, which is based on the fact that the market is significantly larger than in Norway and that LMK Group is one of the largest players.

3) In the Group's assessment, which is based on the fact that the market has significantly more players than in Norway and that LMK Group is the second-largest player.

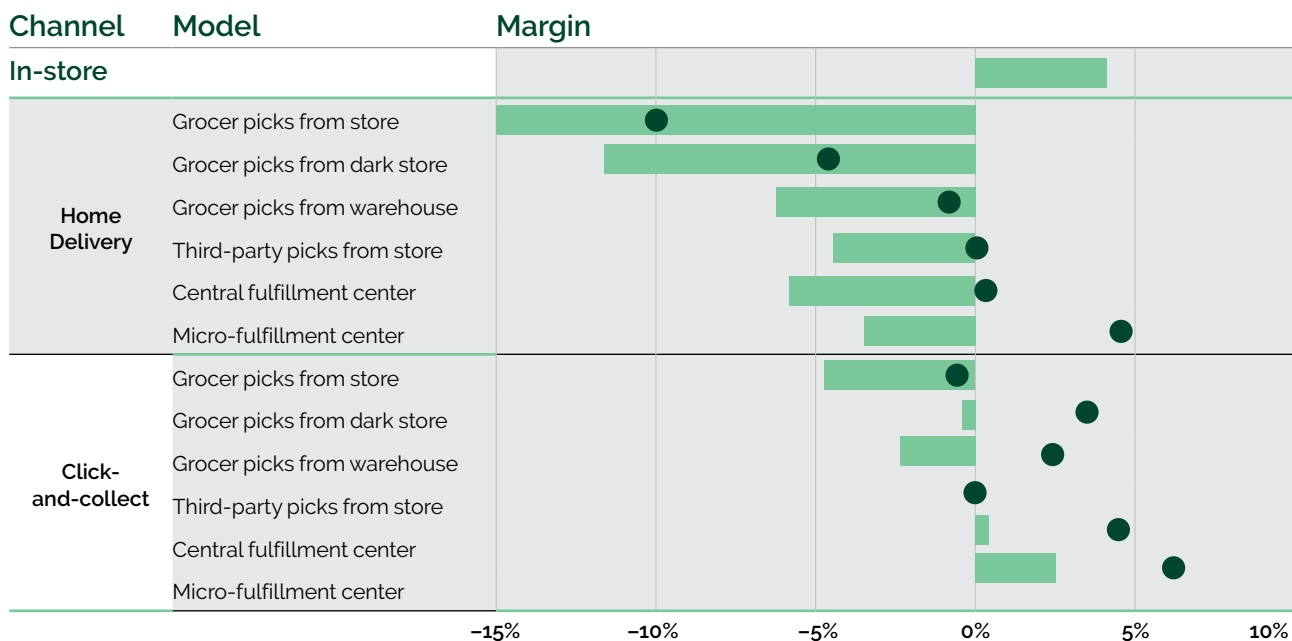
POSITIONING AND COMPETITIVE LANDSCAPE<sup>1)</sup>



1) The Group's estimate of positioning and the competitive landscape in Scandinavia.

### THE SHIFT TO ONLINE PUT PRESSURE ON GROCERY STORES' MARGINS<sup>1)</sup>

- Approximate margin without fees
- Approximate margin with \$7 delivery or \$4 click-and-collect fee



<sup>1)</sup> Bain & Company "How to Ramp Up Online Grocery—without Breaking the Bank" (2020).

#### Free pick

Free pick operators generally have low margins. When these stores offer e-commerce as well in the form of free pick, their margins fall further due to rising operating costs when the store has to pick and transport products – often without receiving any additional payment. For example, the sale of food in stores generally has an EBIT margin of between approximately 2–4 per cent. The EBIT margin drops to around –5 per cent when the store picks the goods and allows the customer to collect the completed food bag through click-and-collect, and drops to around –15 per cent if the grocery store opts to deliver the food bag from the store all the way to the customer's home through home delivery (see the graph below). In order for the free pick operators to achieve positive margins, large investments are required in e.g. automated logistics centres, as

well as the addition of service and freight charges. Over time, these costs will probably have to be passed on to the end customer, and the difference in cost between meal kits and free pick should therefore be reduced. The structural profitability problems experienced by free pick operators mean that the focus will probably need to be directed at their core business. The likelihood of free pick operators spending resources on the development of new meal kit offerings is therefore deemed to be very low, according to the Group. Given the problems that the free pick operators are struggling with, the Group believes that free pick operators do not constitute a long term and competitive threat, particularly in the field of meal kits. The following graph illustrates how the grocery stores' margins are affected by the various initiatives.

<sup>1)</sup> Bain & Company "How to Ramp Up Online Grocery—without Breaking the Bank" (2020).

Even though free pick suppliers are relevant to the Group from a competition perspective, their offerings differ substantially. Where free pick suppliers sell separate products, meal kit suppliers instead deliver value, for example by offering a subscription service for tailored meal kits that offer balanced and healthy meals, variety, minimal food waste and recipes designed by professional food creators.

The complexity involved in supplying flexible meal sets requires major investments in both logistics and technical systems. According to the Group, this creates natural barriers that prevent free pick suppliers from offering anything other than basic fixed meal kits, which constitute an increasingly outdated product. As customer preferences continue to shift towards flexible meal kits, the Group believes that more and more customers will be leaving free pick operators who only offer fixed meal kits, in favour of pure meal kit suppliers offering flexible solutions. It is the view of the Group that free pick operators' core business, i.e. the sale of separate products online, will continue to enjoy strong demand among consumers. Free pick operators are therefore expected to keep operating in parallel to flexible meal kit operators, with each catering to demand in their respective customer groups.

Set out below are a few examples which, according to the Group, suggest that the trend of profitability problems experienced by free pick suppliers means that they are choosing not to invest in the meal kit market, which in any case is peripheral for them:

- 1) Kolonial – attempted to enter the meal kit market in March 2020. Shut down the operation just a month after its launch, however, in order to focus on its core business, free pick. Kolonial is operating at a clear loss in its free pick operation<sup>1, 2)</sup>;
- 2) City Gross – entered the free pick market due to a sharp increase in demand. As the company failed to achieve profitability, however, City Gross withdrew the option of home delivery for food in October 2019, and now offers only free pick through click-and-collect<sup>3)</sup>;
- 3) Mat.se (Axfood) – shut down a warehouse for e-commerce products in Skåne in February 2020 due to lack of profitability<sup>4)</sup>;
- 4) MatHem – making a clear loss on its free pick business<sup>5)</sup>;
- 5) Albertsons – acquired the meal kit operator Plated for USD 200 million in September 2017. Albertsons began selling Plated meal kits in April 2018, but in November 2019 it was announced that Plated's subscription service was being terminated<sup>6)</sup>;
- 6) Coop – launched its free pick operation in 2017 in Denmark, but following a slowdown in demand during the second half of 2019, the company opted to shut down the business in January 2020.<sup>7)</sup>

1) Kolonial.no, "Ferdigpakket er lagt ned" (2020).

2) E24.no, "Kolonial.no tapte 138 millioner" (2020).

3) Fri Köpenskap, "City Gross fimpår hemkörning av lösplock" (2019).

4) Di Digital, "Axfood-ägda matjänsten lägger ned e-handelslager" (2020).

5) Di Digital, "Mathems saftiga nota: Gör 341 miljoner kronor i förlust" (2020).

6) Idaho Statesman, "Plated mealkits fanns i Alertsons butiker, innan de försvann" (2019).

7) Detail Folk, "Coop har stoppet salget af måltidskasser" (2020).

## Fixed meal kits

Even though some of these operators have introduced more recipes and different product lines for meal kits, a clear difference compared to flexible meal kits is that the customer cannot choose the menu. The Group is witnessing a clear trend of customer preferences shifting towards flexible meal kits, although there are still a number of operators with significant market shares. Listed below are some of the operators in the field of fixed meal kits that LMK Group deems to be most relevant from a competition perspective.

- ◆ **Middagsfrid (Axfood):** offers a wide range of selectable meal kits for two or four people, with up to three to five meals per week, and the option to tailor which weeks the customer wants to have meal kits delivered. Middagsfrid offers fixed menus, however, with the meals being planned and predetermined ahead of each week. Middagsfrid was the first in the world to offer fixed meal kits with associated menus back in 2007, and was acquired by Axfood in 2017. Today, Middagsfrid is a relatively small player in the sector, with similar attributes to the other fixed meal kit suppliers, i.e. no option for customers to select menus themselves.
- ◆ **Årstiderna:** was founded in Denmark back in 1999, when the farmer Thomas Harttung began delivering organic vegetable boxes. Årstiderna is currently one of the few operators to only supply meal kits containing organic ingredients. As a result, LMK Group considers that Årstiderna has an opportunity to position itself strongly in terms of the environment, climate and health (even though the majority of the competitors also have organic options in their offerings). The recipes, which are limited to 3–5 meals per week, are determined in advance, with the result that the customer cannot choose between different options.
- ◆ **Matkomfort:** was founded in Stockholm in 2008 by the chef Henrik Isaksson, and is a regional player with a strong position in the Stockholm region, although it also supplies large parts of the Mälars Valley region. LMK Group considers that Matkomfort is positioning itself in the premium segment, with generally more expensive ingredients than those which LMK Group uses for its meal kits. The price of their meal kits is higher than many of their competitors.

## Flexibla mealkits

The Group considers that its main competitor when it comes to flexible meal kits is HelloFresh. HelloFresh conducts operations in more than ten countries and is significantly larger than LMK Group globally (HelloFresh's last 12 months net sales per 30 September in 2020 amounted to approximately SEK 33.1 billion<sup>1), 2)</sup> compared to LMK Group's net sales in 2020 of SEK 1.217 billion<sup>3)</sup>, although HelloFresh's net sales in Scandinavia are lower than LMK Group's. There is also another international player that is active on the Scandinavian market, Marley Spoon (Marley Spoon's net sales in 2020 amounted to approximately SEK 2.6 billion<sup>4), 5)</sup>).

HelloFresh currently has 15 recipes available in Sweden and Marley Spoon has 30, whereas LMK Group offers 40–50. Compared to HelloFresh, LMK Group has a distinctive position in terms of brand recall. The Group has a spontaneous brand recall of approximately 74 per cent and an assisted brand recall of approximately 92 per cent.<sup>6), 7)</sup> The corresponding figures for HelloFresh are 30 and 8 per cent respectively.<sup>8), 9)</sup> As regards delivery times, HelloFresh and Marley Spoon currently have a significantly more flexible delivery offering compared to LMK Group. Customers have the option of choosing a delivery date and delivery time depending on where they live. HelloFresh and Marley Spoon also now offer shorter lead times of 3–7 days, compared to LMK Group which offers 7–15 days. With their considerable size and global presence, HelloFresh and Marley Spoon have the potential to spend large sums of money on marketing, which can contribute to rapidly increasing market share. Furthermore, there are also differences as regards the ingredients used in the meal kits. LMK Group uses A-brands and B-brands as well as some suppliers' own-brand products (such as Garant, Axfood's own brand), while HelloFresh uses its own-brand products more than 90 per cent of the time. According to the Group, this is something that helps HelloFresh to be profitable, but can lead to negative perceptions of quality and sustainability as many of the ingredients are manufactured or packaged in other countries. There are also differences as regards the completeness of the meal kits, where LMK Group sometimes assumes that the customer has certain

1) Based on a EUR/SEK exchange rate of 10.49 per 30 September 2020.

2) Taken from HelloFresh's Q3 2020 report.

3) Taken from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

4) Based on a EUR/SEK exchange rate of 10.05 per 31 December 2020.

5) Taken from Marley Spoon's annual report 2020.

6) Based on a target group comprising women between the ages of 25–55.

7) Mediacom (2020).

8) Based on a target group comprising women between the ages of 25–55.

9) Mediacom (2020).





ingredients at home (such as sugar, cooking oil and flour), which is not the case with HelloFresh. However, HelloFresh has fewer ingredients in its meal kits, which on the one hand means that all the ingredients can fit in one bag, but on the other hand can limit variety and taste experiences.

## Market trends

In addition to the demand for increased flexibility, the Group considers that there are a number of fundamental trends that are driving the market in which the Group is operating. Below is a summary of the trends that are considered to be leading the way, and that to some extent are driving growth and the future appearance of the meal kits market:

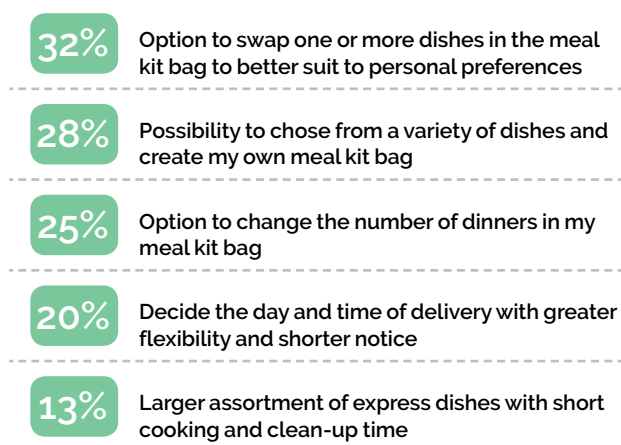
- ◆ Clear trend from offline to online sales. As more consumers have discovered the benefit from purchasing products online, a major shift is now taking place where consumers move from offline to online. More and more stores offer e-commerce and an increasing proportion of the total commerce is made over the internet;
- ◆ Increased online and mobile usage in society means that potential customers are increasingly using online platforms, such as the Group's website and mobile app, with the aim of purchasing food products and meal kits. This can also be underpinned by the view that purchasing groceries at traditional physical grocery stores is time consuming and less convenient, and is typically characterised by ineffective logistics chains that result in fewer fresh products, increased food waste and higher costs;
- ◆ An increased awareness of nutritious, healthy and sustainable food has shifted consumer behaviour patterns away from unhealthy fast food towards healthier and more balanced meals, preferably home cooked food that adds value to the quality and origins of the ingredients that are purchased;
- ◆ Increased knowledge and appreciation of the benefits from the meal kits offering compared to traditional planning of dinners. The Group spares customers from having to carry out the long and arduous process of shopping for the ingredients that are needed for a meal. With meal kits, the customer is given the opportunity to experiment with different flavours and spices, as well as to refine their cooking skills. Many customers are prepared to pay a premium for meal kits, which offer increased convenience and flexibility;
- ◆ An increased focus on avoiding food waste. When purchasing the ingredients that are required for a specific recipe, customers usually buy larger quantities than they actually need to prepare the meal, which can be both uneconomical and lead to food waste, something that most consumers want to avoid. According to the Group, grocery stores can also cause food waste based on the way the goods are handled in stores (customers can damage products by dropping them, for example) and through incorrect forecasting (excessive purchases or overproduction can lead to food waste). According to the Group, over consumption can also result in goods with a short shelf life becoming cheaper, which leads to a form of food waste in respect of more being eaten, which is not good for either people or the environment.

## Market potential

LMK Group consider the total addressable market for their active markets in Sweden and Norway amounts to be approximately 3.4 million households. Of these, approximately 533,000 households have tried out Linas Matkasse, Adams Matkasse or GodtLevert (since 2017), which is equivalent to a market penetration of approximately 15.5 per cent. Since the number of active customers from Sweden and Norway amounted to approximately 103,000 in December 2020, the Group had a market penetration of active customers totalling around 3.0 per cent. Bearing in mind the low proportion of households that currently utilise LMK Group's services, the Group believes that there is plenty of unexplored market potential. A certain proportion of the customers who

have left LMK Group since its inception have done so due to a lack of flexibility in the offering.<sup>1, 2)</sup> Customers wanted more opportunity to substitute dishes, more recipes to choose from and increased flexibility regarding delivery times. The Group's previous offering of fixed meal kits did not meet customers' wishes for flexibility, resulting in an actual addressable market that was insignificant. Only a small proportion of families successfully managed to incorporate the concept of an entirely predetermined schedule and recipes into their everyday life, as the low level of market penetration testifies. However, the Group's assessment is that the addressable market for the new, flexible meal kit solution is significantly larger. The Group's argument is also strengthened by the internal study conducted in 2017, which clearly illustrates the importance of flexibility.<sup>3)</sup>

### PROPORTION OF RESPONDENTS WHO WOULD INCREASE THEIR PURCHASES OF MEAL KITS IF THE CRITERION WAS MET<sup>1), 2)</sup>



1) Kantar Millward Brown (from presentation as of November 2018) (2018).  
 2) Internal study that included 687 respondents who had purchased a meal kit within the previous year (2017).

### MARKET POTENTIAL FOR FLEXIBLE MEAL KITS (ILLUSTRATIVE)



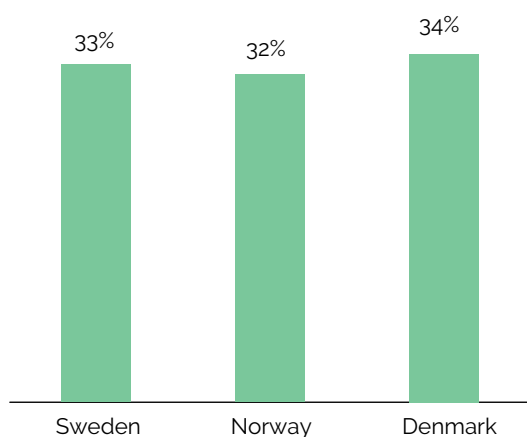
1) Kantar Millward Brown (from presentation as of November 2018) (2018).  
 2) Internal study that included 687 respondents who had purchased a meal kit within the previous year (2017).  
 3) Internal study that included 687 respondents who had purchased a meal kit within the previous year (2017).

## Covid-19

Covid-19 has accelerated the shift towards online shopping in the Scandinavian countries. The pandemic has not only transformed consumer purchasing behaviour in the short term, but also seems to be having a long-term impact on consumer purchasing behaviour, with an ever-larger proportion of sales expected to take place online.

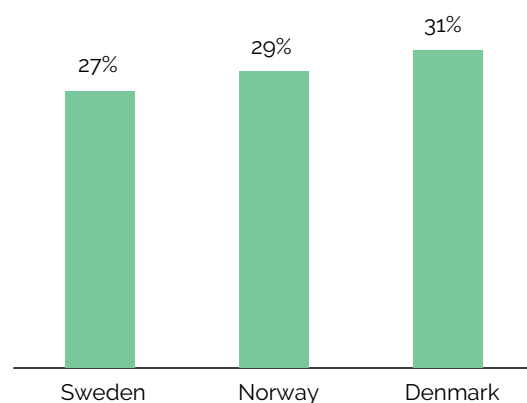
Between 32–34 per cent of consumers in Scandinavia have increased their online shopping during the pandemic, and between 27–31 per cent of consumers are expected to continue shopping more online after the pandemic, as shown in the graphs below:<sup>1)</sup>

### CONSUMERS WHO HAVE SHIFTED TO A HIGHER PROPORTION OF ONLINE SHOPPING DURING THE PANDEMIC<sup>2)</sup> (PER CENT OF CONSUMERS)



1) PwC, "Nordic consumer trends – COVID-19, where next?" (2020).

### CONSUMERS WHO WILL CONTINUE TO SHOP MORE ONLINE AFTER THE PANDEMIC<sup>1)</sup> (PER CENT OF CONSUMERS)

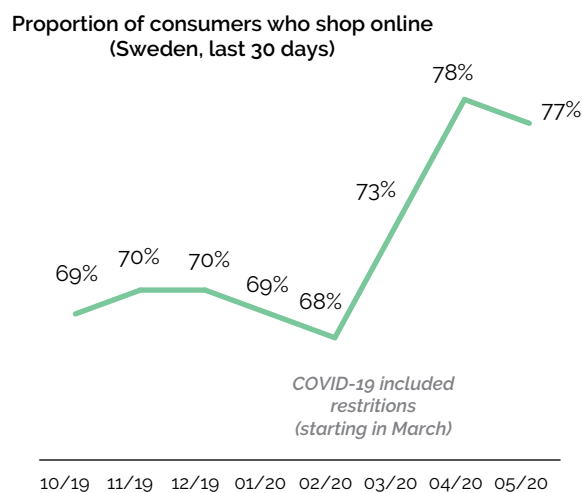


1) PwC, "Nordic consumer trends – COVID-19, where next?" (2020).

2) PostNord, Swedish Digital Handel & HUI Research, "e-barometern maj 2020" (2020).

In addition, the proportion of consumers who shop online in Sweden has increased significantly since the outbreak of the pandemic in March 2020. In April and May 2020, the proportion amounted to between 73–78 per cent, compared to around 68–70 per cent before the outbreak.<sup>2)</sup>

### SHARE OF CONSUMERS WHO SHOP ONLINE IN SWEDEN (PER CENT OF CONSUMERS<sup>1)</sup>)



1) PostNord, Swedish Digital Handel & HUI Research, "e-barometern maj 2020" (2020).

The global pandemic, which has been characterised by major lockdowns, has resulted in more people both working and eating at home, which in turn has had a positive impact on the food and meal kit market. Net sales have increased markedly for the majority of companies operating in the sector, which has given rise to discussions about whether this is a long-term shift in demand or simply a temporary, one-off effect as a result of the pandemic. However, the Group believes it is rather the case that the ongoing pandemic has accelerated a strong underlying trend, partly towards an increased share of shopping online, but also the general interest in and demand for meal kits.

LMK Group's competitors, HelloFresh and Marley Spoon, have grown very strongly during the pandemic, which in the Group's opinion may be due to the fact that they are active on geographic markets where the lockdowns have been even more tangible than in Scandinavia. Despite the fact that the lockdowns in Sweden, Norway and Denmark have been relatively limited compared to many other countries, LMK Group has seen a strong development during the pandemic, with a growth in net sales of 12.1 per cent (17.4 per cent adjusted for foreign exchange differences) in 2020.



# Business description

## Introduction

LMK Group supplies fresh, healthy, flexible and adaptable meal kit solutions to around 115,000 active and 405,000 registered customers in Sweden, Norway and Denmark as of December 2020. The Group conducts its operations under four (4) brands: Linas Matkasse (Sweden), Godtlevvert and Adams Matkasse (Norway), and RetNemt Måltidskasser (Denmark). The Group's vision is that Scandinavian households should be able to take the time to prepare and eat good food together with their nearest and dearest, without having to get stressed, plan, shop or carry home bags of groceries (see also the section "*Business concept, vision, mission and values*" for more information). LMK Group's main product offering, meal kits, are delivered directly to the customer's front door at convenient times, and contain almost everything that is required to prepare inspirational meals using locally-selected and sustainable ingredients. Strengthened by its strong and complex logistics chain, with efficient processes that are supported by the Group's innovative technology, user-friendly website and mobile app, the underlying business has experienced strong growth. In 2020 1.74 million deliveries were made and the Group's net sales amounted to SEK 1.217 billion, which is equivalent to a net sales growth of 12.1 per cent (17.4 per cent adjusted for foreign exchange differences).

LMK Group was founded, through the incorporation of the current subsidiary Carolinas Matkasse AB, in 2008, and has since established itself in Scandinavia, where it has a total of 282 fulltime employees<sup>1)</sup> and is active in three countries: Sweden with 117 fulltime employees, Norway with 112 fulltime employees and Denmark with 53 fulltime employees. LMK Group has contributed to the development of a new business model in the food industry and has achieved a strong market position on several of the Group's markets. First and foremost, LMK Group considers itself to be a service company in the food sector, targeting the consumer directly and thereby controlling the entire customer relationship with the end consumer. The Group's operations cover everything from the online user experience to recipe creation, purchasing, production and logistics in relation to the needs and preferences of active customers. A significant proportion of the Group's solutions are driven by their detailed understanding of customer behaviour and needs, based on insights from consumer panels and millions of data points. This customer focus has made it possible for LMK Group to acquire one of the leading market positions in both Sweden, Norway and Denmark.<sup>2)</sup>

## GEOGRAPHIC OVERVIEW OF LMK GROUP'S ACTIVE MARKETS

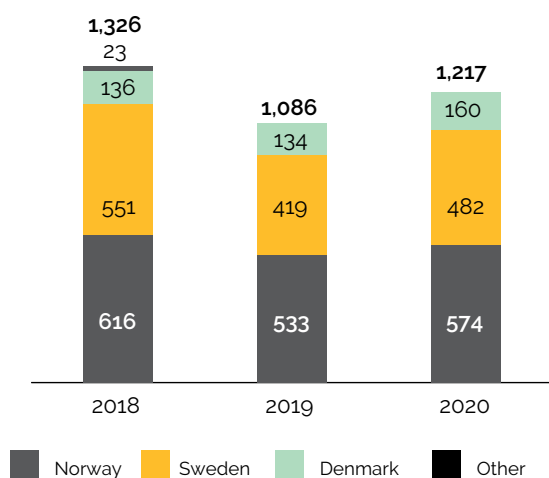


1) As of December 2020.

2) Estimate from the management team.

## NET SALES LMK GROUP<sup>1)</sup>

SEK million



1) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

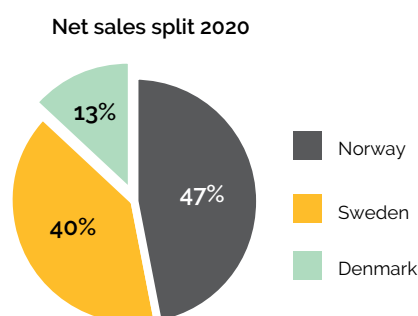
## Company overview

The Group's business model differs from the logistics chain of a grocery store or food wholesaler, as it is rethinking aspect of the model for the grocery sector's traditional logistics chain. By starting with the end consumer and working upstream with a "pull model", the need for intermediaries such as distributors or dealers is eliminated. This allows almost all wastage from the Group's logistics chain to be eliminated, which otherwise tends to be a large cost item in logistics chains for traditional operators supplying food. The Group works closely with its network of more than 140 suppliers (around 55 in Norway, around 50 in Sweden and around 35 in Denmark). Many of these suppliers are local, which ensures that the Group can purchase the ingredients for its meal solutions on a just-in-time basis and supply the required quantity, thereby avoiding food waste. LMK Group conducts its operation with very low or no stock of all the perishable goods, simply ordering goods from their suppliers in line with confirmed sales to their customers. The ingredients for the meal kits that are delivered are packaged in boxes with cooling elements, to ensure that the food maintains its temperature. Active cooling is supplied during packing, i.e. everything is packed in refrigerated areas, making it possible to deliver fresh meal kits. Almost all of the Group's deliveries are made with free shipping to the customers, although paid shipping applies to some small orders in Denmark.

The Group's core processes are driven by data and technology. The customisable software solution allows the Group to optimise purchasing decisions regarding ingredients, price and availability

1) Note: Light-directed picking technology is a technology that provides an accurate and efficient method of paperless picking, packing, sorting and product compilation.

## NET SALES DISTRIBUTION BETWEEN LMK GROUP'S GEOGRAPHIC MARKETS



in its menu planning. Furthermore, advanced forecasting with the aid of machine learning and close collaboration with the company's suppliers ensure the optimised delivery of goods.

The technology also automatically sets up weekly planning of production and deliveries to customers within a delivery range, providing the Group with data to continue developing and improving its products and processes. There is consequently a high degree of digitalisation in the various aspects of the production process, focusing on increased quality and precision. This also provides support for customer specific production through light directed picking technology.<sup>1)</sup>

LMK Group's technology platform is also used as a basis for decision making for the marketing team, in order to understand the customers' points of contact and to identify and retain loyal customers (e.g. contributions to margin improvement generated throughout the commercial relationship with the customer in question), which is set in relation to the cost incurred in connection with acquiring a new customer.

The Group's results and financial indicators in 2020 reflect the strong operational growth within the Group. Accelerated by marketing measures, a new flexible offering and Covid-19, the Group achieved a net sales growth of 12.1 per cent (17.4 per cent adjusted for foreign exchange differences) in 2020. The Group's profitability also strengthened during the year, from an EBIT margin of approximately -13.4 per cent in 2019 to 7.5 per cent in 2020, as well as from an adjusted EBITDA margin of 8.1 per cent in 2019 to 11.9 per cent in 2020.

## History

LMK Group's journey began in 2008, when the siblings Carolina Gebäck and Niklas Aronsson established Carolinas Matkasse AB. At the time, the company was a global pioneer and one of the market leaders in the Swedish meal kit sector, although RetNemt had already been established in Denmark in 2006, in which LMK Group, through Carolinas Matkasse AB, later acquired a majority stake of 58.48 per cent. Carolina and Niklas had a vision of making day-to-day life and life in general easier, as well as contributing to a healthier diet for families in Stockholm. LMK Group initially focused on only providing fixed menus, with little or no flexibility for customers to make their own choices. In 2009, LMK Group expanded its operations to Gothenburg and Malmö in order to meet growing demand for meal kits. In 2010, LMK Group increased its net sales by more than five times through word-of-mouth marketing and a highly effective sales and marketing campaign.<sup>1)</sup> In conjunction with a financing round conducted in 2011, the VC funds Acton Capital (Germany) and Creandum (Sweden) became major shareholders in LMK Group. In 2014, LMK Group expanded its geographic exposure to Norway through the acquisition of a majority stake in Adams Matkasse AS. This investment also led to the launch of a new meal kit offering, in order to address a broader customer base in line with its expansion into Norway. During the period 2010–2014, LMK Group increased its net sales by a CAGR of 32.9 per cent.<sup>2)</sup>

In 2015, Herkules Capital (Norway) became a new major shareholder in the Group. During 2015, the Group's volumes and EBIT margin both increased.<sup>3)</sup> Shortly thereafter, in 2016, the Group expanded further internationally through the acquisition of a majority stake in RetNemt in Denmark (established in 2006) and the acquisition of Sannan Ruokakassi in Finland, enabling the Group to cover most of the Nordic market for meal kits. The Group made yet another acquisition in Norway in 2017, when Godtlevvert.no AS was acquired and merged with Adams Matkasse AS under the joint name of Godtlevvertgruppen AS. Shortly thereafter, more meal kit recipes were launched every week, in order to capitalise on the increased demand for greater flexibility and options for customers to make selections.

During the period 2016–2018, LMK Group invested in the development of a new IT platform for the

Group, in which a significant proportion of the costs related to the project were capitalised. This development was abandoned in 2018 and replaced with the platform that had been acquired in conjunction with the acquisition of Godtlevvert.no. This resulted in the Swedish IT operation being restructured and transferred to Norway, which in turn led to the significant impairment of previously capitalised costs related to the abandoned IT platform.

The transfer of production in Sweden involved the consolidation of two previous production facilities into a new, shared building. Delays in completing this new facility led to increased costs, which meant that the consolidation of the production facilities and the restructuring of the production process in Sweden were more expensive than anticipated.

Two new brands and concepts were launched in Norway in 2018, which entailed significant costs. Both were abandoned at the end of 2018.

The first half of 2018 was also characterised by a significant increase in sales and marketing expenses, in what ultimately proved to be an unsuccessful attempt to retain customers, as the product and service offering had not been adapted sufficiently to meet the market's demands for flexibility. Following a failed launch in Finland, the Group divested the Finnish operation in 2018 in order to focus instead on its main markets in Sweden, Norway and Denmark.

In 2017 a large proportion of the management team left the Group, and has been replaced by the current management team during the period 2017–2020. This has been an important part of the process of the Group's transformation.

During the period 2019–2020, the Group underwent a transformation, from a position where they had previously mainly offered fixed meal kits with predetermined recipes, and had done so with low or negative profitability, to becoming a more innovative food tech company focusing on flexible solutions and increased capacity for the customer to make selections from their offering, as well as having increased focus on profitability. For example, LMK Group has launched a new meal kit offering with 40–50 recipes to choose from each week in Sweden and Norway, respectively. In 2021, LMK Group plan on becoming listed on the Nasdaq First North Premier Growth Market.

1) Based on unaudited information derived from internal accounting and reporting systems for the Group where Carolinas Matkasse AB was the parent company at the time.

2) Based on unaudited information derived from allabolag.se for the Group where Carolinas Matkasse AB was the parent company at the time.

3) As regards 2015, the information is based on unaudited information derived from the Group's internal accounting and reporting systems. For the period before 2015, when the Group in its current form was established, the information is based on unaudited information derived from internal accounting and reporting systems for the Group where Carolinas Matkasse AB was the parent company at the time.

Year	Event
2006	RetNemt was established in Denmark (which LMK Group later, through the current subsidiary Carolinas Matkasse AB, acquired a majority stake in).
2008	LMK Group was established, through the incorporation of the current subsidiary Carolinas Matkasse AB, with a vision of making day-to-day life and life in general easier, as well as contributing to a healthier diet for families in Stockholm. Was a clear pioneer on the market, initially offering fixed menus with little or no flexibility for customers.
2009	LMK Group expands its operations to Gothenburg and Malmö.
2010	LMK Group increased its net sales by more than five times through word-of-mouth marketing and a highly effective sales and marketing campaign. <sup>1)</sup>
2011	LMK Group conducts a capital raising round in which the VC funds Acton Capital and Creandum become majority owners.
2014	LMK Group expands through the acquisition of a majority stake in the Norwegian company Adams Matkasse AS. The expansion also leads to the launch of a new meal kit offering, in order to address a broader customer base in line with the presence on the Norwegian market. During the period 2010–2014, LMK Group increased its net sales by a CAGR of 32.9 per cent. <sup>2)</sup>
2015	The Group conducts a capital raising round in which the VC fund Herkules Capital becomes the majority owner. During 2015, the Group's volumes and EBIT margin both increased. <sup>3)</sup>
2016	The Group expands further internationally through the acquisition of a majority stake in the Danish company RetNemt and the acquisition of the Finnish company Sannan Ruokakassi.
2017–2018	<p>The Group acquires the Norwegian company Godtlevvert.no AS, which merges with Adams Matkasse AS and changes its name to Godtlevvertgruppen AS. During the period, the Group invests in a new IT platform and relocates/consolidates two production units in Sweden into one, which has a negative impact on profitability. Following a failed launch in Finland, the Group divests the Finnish operation in order to focus instead on its main markets in Sweden, Norway and Denmark. During this period, the Group reports a negative growth and an EBIT margin of –27.2 per cent in 2018, due in part to the fact that the Group's product and service offering had not been adapted sufficiently to the market's demands for flexibility.</p> <p>During the period 2016–2018, the Group invested in the development of a new IT platform. This development was abandoned in 2018 and replaced with the platform that had been acquired in conjunction with the acquisition of Godtlevvert.no AS.</p> <p>In 2017 a large proportion of the management team left the Group, and has been replaced by the current management team during the period 2017–2020. This has been an important part of the process of the Group's transformation.</p>
2019–2020	During the period 2019–2020, the Group underwent a transformation, from a position where they had previously mainly offered fixed meal kits with predetermined recipes, and had done so with an EBIT margin of –27.2 per cent and –13.4 per cent in 2018 and 2019, respectively, to becoming a more innovative food tech company that focuses more on flexible solutions and increased capacity for the customer to make selections from their offering, with an EBIT margin of 7.5 per cent in 2020. For example, LMK Group launched a new meal kit offering with 40–50 recipes to choose from each week in Sweden and Norway.
2021	Planned listing of the Group's shares on Nasdaq First North Premier Growth Market.

1) Based on unaudited information derived from internal accounting and reporting systems for the Group where Carolinas Matkasse AB was the parent company at the time.

2) Based on unaudited information derived from allabolag.se for the Group where Carolinas Matkasse AB was the parent company at the time.

3) As regards 2015, the information is based on unaudited information derived from the Group's internal accounting and reporting systems. For the period before 2015, when the Group in its current form was established, the information is based on unaudited information derived from internal accounting and reporting systems for the Group where Carolinas Matkasse AB was the parent company at the time.





## Strengths and competitive advantages

LMK Group considers that the Group has the following strengths and competitive advantages, which have contributed and are expected to continue contributing to the Group being able to realise its future strategic and financial goals:

1. Nordic pioneer in the meal kit market and a brand that customers like and trust. For example, the Group judges that the brand Linas Matkasse in Sweden has a spontaneous brand recall of approximately 74 per cent, which is the highest among the competition in Sweden.<sup>1), 2)</sup> The corresponding figure in Norway is deemed to be approximately 48 per cent for Adams Matkasse and approximately 28 per cent for Godtlevvert, which are the highest and second highest among the competition in Norway.<sup>3), 4)</sup> In this context, brand recall refers to the percentage of respondents who spontaneously mention the Group's brands when they are asked to list the brands that sell food or food bags online.
2. Proven and data driven product innovation opportunities where the greatest impact from data today is operational excellence, as the Group can significantly improve the quality of the product and service with the aid of measurements and data. In addition, there are a number of opportunities relating to the creation of recipes and the adjusting of menus, where the Group believes that they will make use of artificial intelligence and machine learning to present recipes to customers.
3. Efficient value chain and logistics solution from the time the customer orders a meal kit, through to the ordering process, the purchase of ingredients, packaging and delivery, as well as the planning of recipes and ingredients. The value chain is efficient as LMK Group uses e.g. a technical platform that the Group considers to be typical among meal kit operators, including the creation of dishes and menus, the purchasing of ingredients and the planning of production. The Group also works with forecasting, including creating the basic planning of the volumes that will be required to produce the food bags, which makes the process more cost effective. The model also creates good conditions for keeping down stock levels and reducing food waste.

4. Attractive unit economics through:
  - I. **Input goods:** The Group receives attractive supplier terms as it utilises large quantities. Furthermore, the majority of the suppliers are small, local suppliers who deliver on LMK Group's terms and conditions.
  - II. **Planning and purchasing:** each meal (LMK Group has more than 11,000 of its own recipes) incorporates strict criteria – LMK Group does not offer any meals that fail to meet these requirements. Furthermore, the Group implements effective coordination of weekly meal menus in order to minimise stock levels and cater for seasonal variations.
  - III. **Production:** centralised, in-house production ensures consistent and high quality. Furthermore, a semi automated packaging process enables efficient delivery, and the in-house production technology provides full control and flexibility. As the Group has sufficient capacity in its current facilities, it is possible to achieve growth at low marginal costs.
  - IV. **Logistics:** LMK Group has well established logistics partners (both for long and short transport operations), facilitating the most cost effective deliveries.  
LMK Group considers that it has extremely attractive unit economics, where the target is to have a margin for the profit after handling costs per delivery of approximately 30–35 per cent. The implementation of a fully flexible meal kit offering is expected to have only a small, short term, negative impact on the Group's unit economics.
5. LMK Group's business model delivers a significant portion of recurring income as a share of total net sales, which is, according to the Group, significantly higher than for a standard e-commerce model. This leads to a shorter repayment period for the customer acquisition cost, which is estimated at approximately 6 months (see also the section "*Sales and marketing expenses and costs for acquiring customers*" for more information), based on Q4 2019–Q1 2020 monthly group data and measurements of the unit economics<sup>5)</sup>. Another contributory reason for the reduction in the repayment period for the customer acquisition cost is an increased proportion of customer retention and increased unit economics per delivery. According to the Group, the repayment period for the customer acquisition cost can also be further shortened with full scale margins for LMK Group.

1) Based on a target group comprising women between the ages of 25–55.

2) Mediacom (2020).

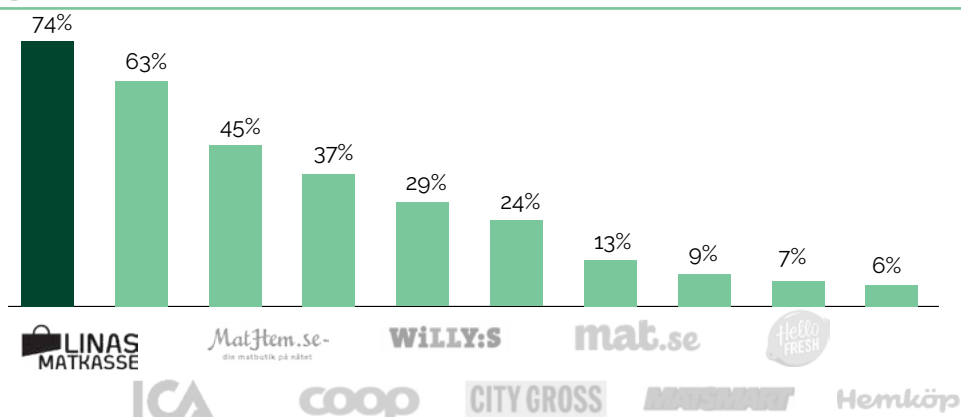
3) Based on a target group comprising women and men aged 18+.

4) Mood Communication (2020).

### STRENGTHS AND COMPETITIVE ADVANTAGES 1: BRAND RECALL IN SWEDEN, Q3 2020<sup>1, 2)</sup>



Sweden

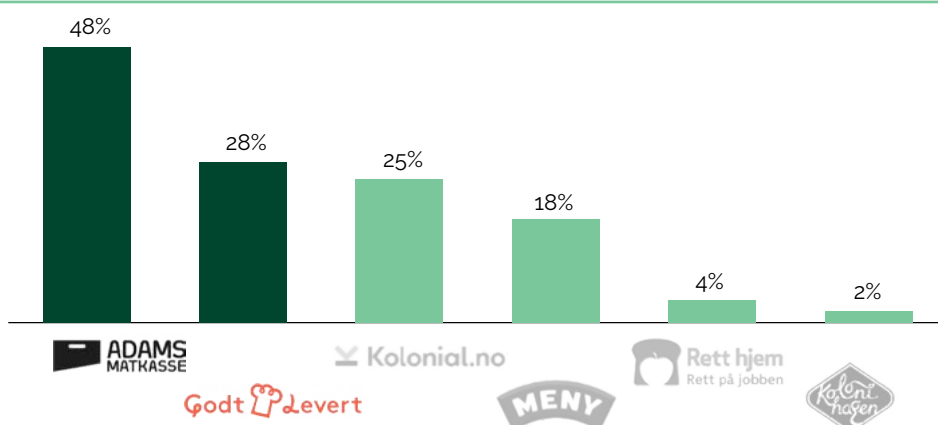


1) Based on a target group comprising women between the ages of 25-55.  
 2) Mediacom (2020).

### STRENGTHS AND COMPETITIVE ADVANTAGES 1: BRAND RECALL IN NORWAY, Q3 2020<sup>1, 2)</sup>

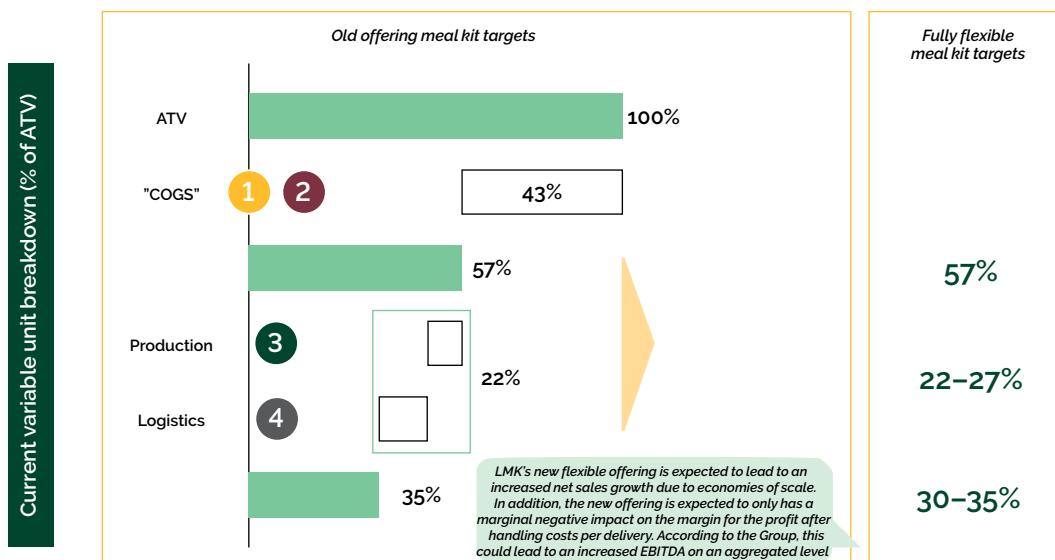


Norway



1) Based on a target group comprising women and men aged 18+.  
 2) Mood Communication (2020).

### STRENGTHS AND COMPETITIVE ADVANTAGES 5: ATTRACTIVE UNIT ECONOMICS



## Business concept, vision, mission and values

### BUSINESS CONCEPT

Home delivery of customised meal solutions with everything the customer needs to prepare tasty, inspirational and varied meals from high quality, locally grown food. Subscription service with considerable flexibility and with no commitment period or notice period.

### VISION

We want people to be able to take the time to prepare and eat good food together with their nearest and dearest, without having to get stressed, plan, shop or carry home bags of groceries.

### MISSION

To deliver innovative meal solutions that make it easy to eat tasty and varied food made from high quality, locally produced foods with minimal food waste.

### VALUES

**Challenging** – We are pioneers and courageous when facing the challenge of how things are today, and how they can be.

**Passionate** – We are ambitious in what we do and we are proud to be helping to change the world.

**Accountability** – We accept the trust that our customers place in us, and are committed to making the world a better place for future generations.

## Financial targets and dividend policy

LMK Group's Board of Directors has adopted the following financial goals in the short to medium term.

### GROWTH

The Group's objective is to achieve an average annual growth in net sales of approximately 10–12 per cent in the short to medium term.

### PROFITABILITY

The Group's objective is to achieve an EBIT margin of approximately 6–8 per cent in the short to medium term.

### DIVIDEND POLICY

With a view to potential expansion, broadening the product and service offering and potential M&A activities, the company's board intends not to propose dividend in the short to medium term, but instead intends to use the generated cash flows to reinvest in growth.

The Group's strong cash flow offers the potential for a high level of dividends if the company is unable to find suitable growth opportunities.

1) The "short to medium" term used by the Company refers to a period of 3-5 years.



## Business model

LMK Group's business model is based on a subscription service for flexible meal kits delivered to the home, including all or almost all of the ingredients necessary to prepare the meal, as well as recipes, instructions and tips for preparing the meal. Customers have the option of choosing from around 40–50 different recipes to adapt according to their preferences, or to allow LMK Group to select the weekly menu. Customers can choose the number of portions (1–6) and the number of recipes (1–5) that are delivered to their homes each week. This, along with the total number of recipes offered, varies between the Group's different markets, however. In Norway, for example, all the recipes are offered, while Denmark has a more limited range, where the customer may sometimes also have to pay the related shipping costs. It is also possible for the customer to select premium recipes by paying an additional fee, as well as product accessories of a standard nature (such as accessories for pizzas or tacos) or seasonal accessories (for example at Easter or Christmas) against an additional fee. Furthermore, the Group offers the customer the opportunity to purchase ordinary daily goods from a limited selection, with the focus on breakfast accessories and snacks. It is only possible to purchase LMK Group's products and services through the Group's online platform on the website or the mobile app.

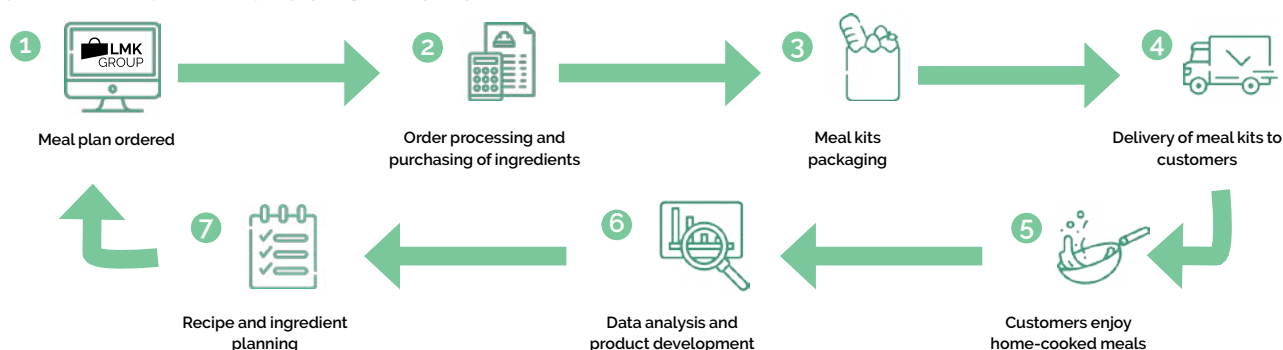
The Group utilises marketing measures by telephone for specific customer acquisitions, although after the initial sale, the customer needs to interact on the Group's website or mobile app in order to gain access to the offering. To be able to purchase the Group's services and products, the customer

is offered a subscription service with no fixed term. The Group's predetermined offering includes weekly deliveries of meal kits, although the customer also has the option of receiving home deliveries every other week. If they wish, they can also quickly and easily opt not to receive a delivery for a specific week. The Group uses a combination of party packaging and customer specific packaging in Norway and Sweden. In Denmark, all orders are customer specific, but the recipes are packaged and delivered as individual packages. The Group does not accept returns, in part because of food safety issues, and in part because the goods are perishable. However, LMK Group always makes a sincere attempt to compensate for and credit reasonable complaints. The Group also offers customer service via a chat system, by telephone or e-mail.

LMK Group acquires customers through various sales channels, both online and offline. Around half of the purchased sales and marketing campaigns are focused on direct customer acquisitions and are evenly distributed between online and offline. These marketing activities are supplemented with traditional media during seasonal campaigns in order to increase brand recall, amounting to approximately 33 per cent of total sales and marketing expenses. Another important part of the Group's customer engagement is to reactivate customers who have terminated or paused their subscription. The Group employs automatic marketing tools to assist the management of the customer's life cycle along with a dedicated marketing team, in order to retain and win back customers. The Group has a multi brand strategy, with four brands on three markets.

## Value chain and technical platform

### OVERVIEW OF LMK GROUP'S VALUE CHAIN



### How it works

#### STEP 1: PLANNING OF RECIPES AND INGREDIENTS

- ◆ Every week, LMK Group's professional food creators select around 50–60 recipes for the Linas Matkasse brand, around 14 for Retnemt, around 50–60 for Adams Matkasse and around 70–80 for Godtlevant, as well as planning the ingredients that need to be purchased.<sup>1)</sup> These recipes might be either existing recipes or new ones that have been produced and developed internally. Furthermore, the planning of recipes and ingredients is conducted by professional food creators with the aid of technical, digital solutions, which play a central role in the Group's profitability, both in terms of operational efficiency and customer experience.

#### STEP 2: PLACING MEAL KIT ORDERS

- ◆ Between one (1) and fourteen (14) days before the delivery date (cut-off for ordering), the customers select:
  - the number of portions they want to include in their meal kit, where the customer has the option of choosing between 1–6 portions in Norway, 2–6 portions in Sweden and 2–6 portions in Denmark;
  - which recipes the customer wants to include in their meal kit for them subsequently to prepare;
  - the number of recipes the customer can have delivered to their home per week, where the customer can choose between 1–5 recipes per week in Denmark and 3–5 recipes per week in Norway and Sweden;
  - whether they want to add premium recipes or groceries to their order, and whether they want to customise their meal kit (e.g. gluten free), which they can choose in Sweden, Norway and Denmark, and;
  - a delivery date in Norway and Denmark (but not in Sweden).

- ◆ The above order is placed either via the website of one of LMK Group's brands or directly in the mobile app.

#### STEP 3: ORDER PROCESS AND THE PURCHASE OF PRODUCTS

- ◆ LMK Group uses a technical platform, for example for the creation of dishes and menus, the purchasing of ingredients and the planning of production.
- ◆ By working with forecasting, the Group conducts the basic planning of the volumes that will be required to produce the food bags. The final order will only be sent after the last date on which the customer can change their order, which makes it demand based, and results in LMK Group being able to purchase the precise quantities of ingredients that are needed for the production of the food bags. The model creates good conditions for keeping down stock levels and reducing food waste.
- ◆ Forecasts that are continually updated ahead of each week's orders, as well as a close dialogue with the suppliers, are important elements in the business model.
- ◆ The Group uses machine learning in their models for demand forecasts in order to improve the accuracy of planning and decision making.

#### STEP 4: PACKAGING MEAL KITS

- ◆ The Group uses a combination of party packaging and customer specific packaging in Norway and Sweden. In Denmark, all orders are customer specific, but the recipes are packaged and delivered as individual packages.
- ◆ Through the Group's fully integrated scanning technology, incoming ingredients are packaged in meal kits in LMK Group's production facilities, prior to distribution to the whole of Sweden and Norway. In order to optimise the picking and packaging technology, the Group has intro-

1) Based on figures that also include fixed meal kits.

duced light directed picking technology and copyright protected algorithms.

- ◆ LMK Group is scaling up packaging to 100 per cent customised packaging, and is expected to be able to expand its delivery flexibility substantially at a commercial level during the latter half of 2021.

#### **STEP 5: DELIVERY OF MEAL KITS TO CUSTOMERS**

- ◆ LMK Group's distribution network consists of more than 40 delivery hubs for "last kilometer" deliveries, which reach approximately 80 per cent of Scandinavia's households with a high level of quality. The Group has fully outsourced the transport and delivery operation to third party suppliers. The route planning is optimised and the deliveries are monitored in real time from central logistics functions. This allows full control of the delivery flow and makes it possible for the Group to communicate with both the drivers and the customers.

#### **STEP 6: THE CUSTOMER ENJOYS HOME COOKED MEALS**

- ◆ Meal kits are delivered to the end consumer, who can prepare and then enjoy home cooked meals for the next week.

#### **STEP 7: DATA ANALYSIS AND PRODUCT DEVELOPMENT**

- ◆ Continued improvements in planning and the customer experience are made possible through the Group's data driven product development approach, where the focus is placed on information technology related to the customer's purchasing behaviour.
- ◆ Analysis and the implementation of various types of data are key to many parts of the Group's operations. Data should always be easily accessible in a meaningful way for all stakeholders. This is made possible by means of an effective and well established data strategy when the Group is developing new and existing business processes, with the aid of the best digital tools.
- ◆ As LMK Group grows, the use of the digital platform that the Group has built up is also increasing. As a result, more data can be extracted and analysed based on the activity on the platform, which in the following stage can be used to automate several different processes through machine learning – for example, through advanced production forecasts and production optimisation algorithms. LMK Group's ongoing digital transformation is based on the use of advanced data processing in the Group's core processes in order to increase efficiency, value creation and competitiveness.
- ◆ Organisation for data analysis. The Group has a clear recruitment strategy for employing people with cutting edge expertise in the field of data analysis, so that the data driven decision making within the operation will continue to develop.

This, along with an increased volume of usable data, has led to LMK Group to see increased opportunities for the advanced utilisation of data through machine learning and other computer science methods. During 2020, the Group has invested considerable sums in expanding its internal skills and bandwidth for a Data Science & Analytics Department with six internal resources, where e.g. one employee has a doctoral degree and another was previously an engineer at Apple.

### **Technical platform**

As a food tech company, the Group has built a technical platform which uses advanced technology in order to support the operational processes, which gives a result of structured and solid to make continuously improve through data analytics. The technical platform permeates the whole operational business and its advanced algorithms are used for mapping out ingredients and recipe planning, in order to minimize costs per recipe. The Group's scalable technical platform is suited for multiple brands in several countries and with different languages and has capacity for different types of production facilities.

In 2020 the customers made more than 200 thousand ratings on the Group's recipes, which constitute a good foundation and gives a clear understanding for customers' demand. Through the technical platform, the recipe selection will be refined by ingredient-/item level and adjusted to the customers' preferences, where even adjustments can be made for the suggested recipes presented to each customer which leads to a better customer experience.

In addition, the Group has digitalized the major part of the business with data input and verification through hand scanners and mobile phone applications through the whole value chain – from inbound good to final delivery on the customers doorstep. The Group has also integrated machine learning models in its forecasts to suppliers and use these operationally with new data continuously refining the forecasting model. The Group is also testing using machine learning to recommend recipes based on the customers' preferences, which the Group expects to be able to integrate within its commercial model. In addition, the Group also uses machine learning to optimize its algorithms which are used within production planning in order to streamline the packing stations. The Group is also working closely with its partners on distribution software which tries to shorten the estimated delivery time using algorithms based on machine learning.

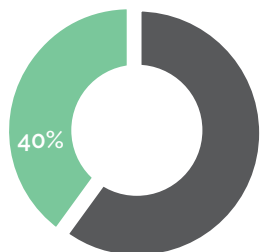
## Geographic breakdown

LMK Group is active on the Scandinavian markets. The Swedish, Norwegian and Danish markets are generally relatively homogeneous, with the offering on the various markets being distinguished by its flexibility as regards the number of portions and the number of recipes that each individual consumer can order in each country. The following sections provide a more detailed description of LMK Group's position on each market.

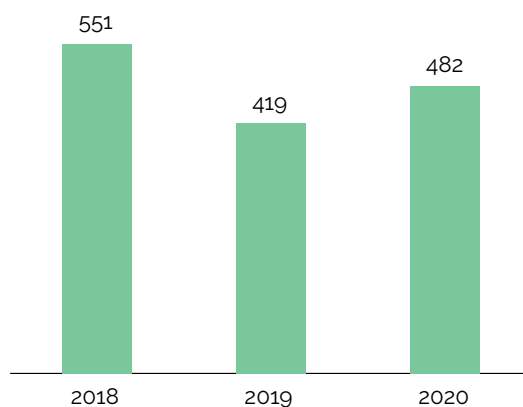
### SWEDEN

LMK Group was established in 2008 in Sweden through the incorporation of the current subsidiary Carolinas Matkasse AB, and has subsequently expanded its operations to the rest of the countries in Scandinavia through acquisitions. The Group has its head office in Stockholm and a production centre in Gothenburg, which jointly have a total of 117 fulltime employees.<sup>1)</sup> In Sweden, LMK Group is one of the leading players when it comes to meal kit solutions, where its market share is estimated at approximately 30 per cent<sup>2)</sup> and where the Group's products are available to approximately 80 per cent of the Swedish population.<sup>3)</sup> The Swedish operation has a considerable focus on a healthy diet and the general health trend, with food bags within three concepts/preselections: "Vegetariskt", "Klassiskt & inspirerande" and "Enkelt och lättlagat". Furthermore, the food bags can be adapted to the number of people in the household (two, four or six), as well as the number of meals that are required (three, four, or five). In 2020, Sweden accounted for 40 per cent of the Group's net sales.

### NET SALES BREAKDOWN BY COUNTRY, SWEDEN 2020 (PER CENT)



### NET SALES DEVELOPMENT, SWEDEN 2018–2020 (SEK MILLION<sup>1)</sup>)



<sup>1)</sup> Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

<sup>1)</sup> As of December 2020.

<sup>2)</sup> In the Group's assessment, which is based on the fact that the market is significantly larger than in Norway and that LMK Group is one of the largest players.

<sup>3)</sup> In the Group's assessment, based on the population living in the postcodes to which LMK Group delivers.

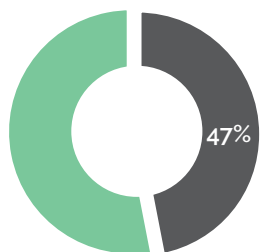


## NORWAY

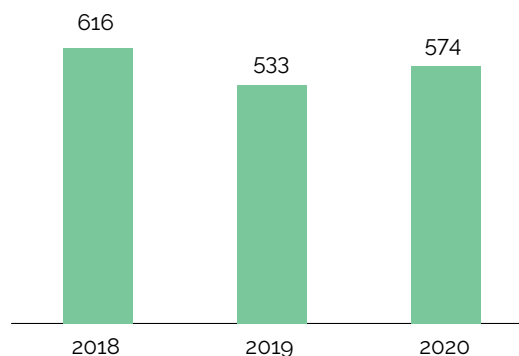
LMK Group established itself on the Norwegian market in 2014 through an investment in Toppmat AS, which later changed its name to Adams Matkasse AS, and has subsequently strengthened its position on the Norwegian market through a merger with the Norwegian company Godtlevvert. no in 2017. In the Group's assessment, LMK Group, with its local brands, is one of the market leaders when it comes to meal kit solutions in Norway, with a market share up to 95 per cent.<sup>1)</sup> The Group's products are available to approximately 85 per cent of the Norwegian population.<sup>2)</sup> The operation in Norway has a packaging facility and a total of 112 fulltime employees in Oslo.<sup>3)</sup> The Norwegian operation has a more local focus, as opposed to the Swedish operation's national, more general focus. The local presence, including collaborations with local farmers and farms, contributes to a more varied and sustainable offering. Meal kits are currently offered through two brands: Adams Matkasse and Godtlevvert, where Godtlevvert is the brand with the highest sales volume on the market. Adams Matkasse offers flexible meal kits within three concepts/ preselections: "Ekspress", "Vegetar" and "Inspirasjon". Godtlevvert has three concepts/preselections for meal kits: "Vegetar", "Favoritt" and "Roede" (Roede is a well-known concept within healthy food in Norway). Both of these brands offer meal kits that can be adapted for up to six people and for three to five meals a week. In 2020, Norway accounted for 47 per cent of the Group's net sales.



### NET SALES BREAKDOWN BY COUNTRY, NORWAY 2020 (PER CENT)



### NET SALES DEVELOPMENT, NORWAY 2018–2020 (SEK MILLION)<sup>1)</sup>



<sup>1)</sup> Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

<sup>1)</sup> In the Group's assessment, which is based on the fact that there are not that many other players active in the field of meal kit solutions.

<sup>2)</sup> In the Group's assessment, based on the population living in the postcodes to which LMK Group delivers.

<sup>3)</sup> As of December 2020.

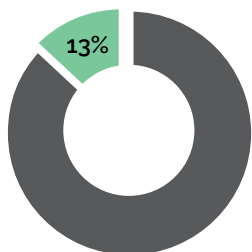
## DENMARK

LMK Group expanded its geographic position in 2016 via the acquisition of 53.5 per cent of the Danish company RetNemt, with the ownership stake subsequently increasing to the current 58.48 per cent following two targeted rights issues in the Group. The acquisition has contributed to the Group's growth and its ambition to be the leading supplier of meal kits on the Danish market. In Denmark, the Group considers itself to be the second largest player for meal kit solutions, with a market share estimated at around 20 per cent.<sup>1)</sup> Production takes place in Helsingør, with the total number of fulltime employees in the Danish operation amounting to 53.<sup>2)</sup> The Group's distribution is available for 99 per cent of the Danish population.<sup>3)</sup> The Danish operation is involved in an ongoing integration project, in which the Group is intending to acquire the remaining 41.52 per cent of RetNemt in connection with the listing. Due to RetNemt not previously being a wholly owned subsidiary, RetNemt has not been fully integrated with the rest of the Group. According to the Group, significant synergy effects can be achieved when RetNemt is fully integrated with the Group. The synergy effects that can be achieved refers to the technical platform, production efficiency and know-how from Sweden and Norway regarding launch of 40–50 recipes per week and hence a more flexible and attractive offering. The Danish operation has a flexible offering, where food bags can be designed according to the customer's own preferences and where the customer can opt out

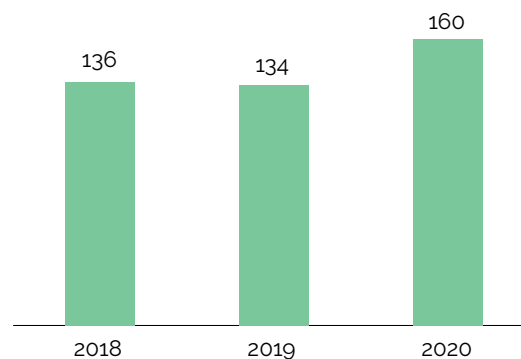
of anything they don't want. The food bags are divided into four categories, "Familievenlige", "Hurtige retter", "Økologiske retter" and "Sunde retter" ("Family friendly", "Quick dishes", "Organic dishes" and "Healthy dishes"), which can also be adapted to the number of people (two to six) and to how many days a week you want to have food bags. The food bags are designed according to the consumer's preferences and are based on one of the Group's various recipes. In 2020, Denmark accounted for 13 per cent of the Group's net sales.



## NET SALES BREAKDOWN BY COUNTRY, DENMARK 2020 (PER CENT)



## NET SALES DEVELOPMENT, DENMARK 2018–2020 (SEK MILLION)<sup>1)</sup>



1) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

1) In the Group's assessment, which is based on the fact that the market has significantly more players than in Norway and that LMK Group is the second-largest player.  
 2) As of December 2020.  
 3) In the Group's assessment, based on the population living in the postcodes to which LMK Group delivers.

## Sales and marketing

The purpose of LMK Group's sales and marketing is to facilitate the Group's growth targets. As the category leader in Sweden and Norway, the Group is working on its growth by becoming a selectable supplier for more consumers through product and service development, as well as explaining this through effective sales and marketing activities, known as "growth marketing". In 2021, approximately two thirds of the growth is expected to be achieved through growth marketing, and one third through the development of the product, the service and improved distribution.

### POSITIONING

An extensive brand positioning lay the foundations for effective marketing work. The Group focuses its marketing and product development on a few selected market areas, in order better to understand and satisfy these customers' driving forces when it comes to day-to-day food, and any thresholds for acquiring meal kits. In Norway, the Group divides up the market areas between the two brands for maximum coverage.

### BRAND RECALL

The Group's brands enjoy a high level of recognition. Despite this high recognition, a continuous presence in the media is required in order to promote the meal kit category as a natural solution for dinner. As a result, the Group is striving to achieve a high level of presence in maximum reach media over a number of campaign periods during the year, as well as a permanent presence in digital channels. Thanks to a high level of brand recall, the Group enjoys a rapid return from its media investments.

### GROWTH MARKETING

Growth marketing involves working to optimise each part of the customer journey, with the aim of creating long term sales growth. The Group's customer journey comprises the following stages:

1. Awareness – the customer becomes aware of LMK Group's offering;
2. Consideration – the customer considers buying;
3. Action – the customer moves from thought to action and purchases the Group's meal kits;
4. Loyalty – the customer is satisfied and purchases the Group's meal kits on a recurring basis.

The Group works in a structured manner to optimise each phase of the customer journey, with clear KPIs for measuring success. In order to

optimise investments in sales and marketing, the Group has formulated a strategy to invest around 60 per cent of the media budget in the brand section early on in the customer journey (awareness and consideration) and approximately 40 per cent nearer the time of purchase (active action).

For example, LMK Group works to improve customer awareness by increasing the share of voice in the media. This is achieved both through marketing in several complementary media channels as well as by having extensive reach. The Group also possesses considerable expertise in the fields of e-commerce, digital subscriptions and digital marketing.

The Group believes that there is significant potential for growth in the loyalty phase of the customer journey, where the focus is to increase the number of meal kits the average customer purchases during their lifetime, rather than simply recruiting new customers. With a high level of expertise within CRM (customer relationship management) and clear goals, LMK Group is laying the foundations for considerable success in this phase.

## LMK Group as a marketplace

As part of the expansion of the offering, the Group has introduced a new concept – the LMK Group Marketplace. In short, this concept means that food suppliers are offered a place in the Group's food bags, thereby gaining exposure to more than 35,000 homes each week, without having to go through a grocery store. The food supplier's product goes directly to the consumer's dinner table instead, helping to create a positive dining experience, at the same time as the Group educates the consumer on how the product is to be cooked. The food suppliers avoid returns, waste and the cost of shelf space in the store, all of which combine to provide them with a highly effective marketing channel. In exchange for this marketing channel, the food supplier is responsible for the majority of the product cost, and the Group is thereby able to reduce the cost per delivered food bag.

In 2019, a number of concrete projects were launched to drive the change in the way suppliers were chosen. By offering the marketplace to several different operators in a number of categories in competition with each other, the Group has significantly reduced its purchasing costs. The largest reduction in purchasing costs was achieved by switching from class A to class B and C suppliers. An important reason for this is that several class B/C suppliers are out-competed



from shop shelves by the chains' own-brands, and LMK Group therefore represents a lucrative opportunity for them to get their brand and product directly to the home of the customer.

In the pasta and rice, canned tomatoes, feta and haloumi cheese and dairy products categories, this collaboration with suppliers made it possible for the Group to reduce its purchasing costs by between 15–40 per cent. To ensure that the end product maintains the high standards that the Group's customers expect, great emphasis is placed on making sure that all new suppliers satisfy the stringent requirements regarding quality and delivery time.

### LMK Group's mobile apps

The Group's mobile apps (iOS or Android) and digital channels have a number of different purposes. The most fundamental purpose is for customers to be able to interact with the brand and be able to see, coordinate and purchase meal kits. For this reason, LMK Group makes every effort to provide the best possible digital customer experience. LMK Group is witnessing increased traffic to its digital channels through mobile phone browsers (such as Safari or Chrome), where approximately 75 per cent of all traffic now takes place. In addition, an increased use of the mobil apps for iOS and Android can be distinguished where 25 per cent of the active customers has downloaded the app. LMK Group therefore considers it only natural for all customer interactions with the service to be able to take place directly from a mobile phone, where customers can go through their unique customer account to easily choose among the various dishes and obtain allergy information, recipes and photos of the ingredients.

The Group's technological tools (react.js and React Native) provide a simple and transparent application landscape, enabling LMK Group to easily keep its mobile apps and websites updated. The app is closely associated with CRM functionality for personalising content, dinner recommendations for each customer and promotional offers, with the aim of thereby creating loyal repeat customers (see also the section "Sales and marketing" for more information).

### Customers

LMK Group has a well established and loyal customer base, where the oldest customers have been with the Group since 2008. The Group's customer base is mainly made up of busy adults in households with double income and children at home. The Group had more than 405,000 registered customers at the end of 2020, and more than 115,000 active customers in December. The Group made approximately 1.74 million meal kit deliveries, reaching just over 80 per cent of Scandinavian households with a high level of recurring income.

#### REGISTERED AND ACTIVE CUSTOMERS, 2020<sup>1)</sup>

~405,000 ~ 115,000

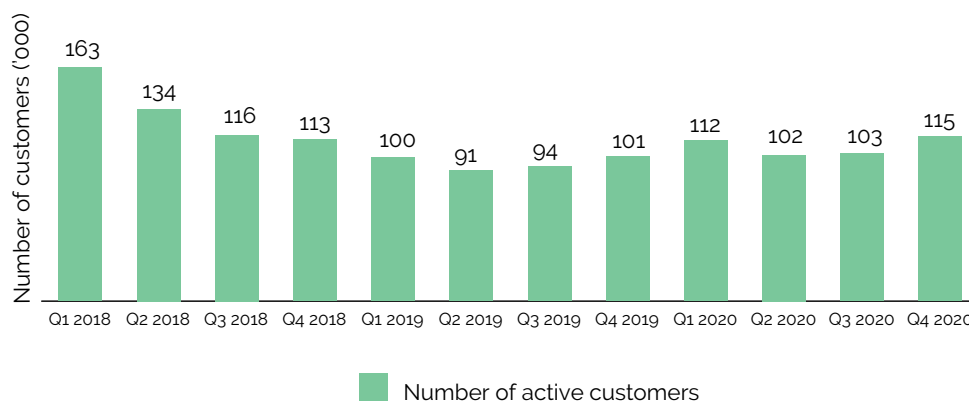
*registered customers*      *active customers*

<sup>1)</sup> As of December 2020.

### DEVELOPMENT OF ACTIVE CUSTOMERS

LMK Group has witnessed a falling number of active customers during the Group's transformation period between Q1 2018 and Q2 2019. Since then, the number of active customers has been growing and has increased to around 115,000 in December 2020. According to the Group, this increase is mainly due to the fact that the offering has become more flexible, and that the Group has increased its sales and marketing expenditure.

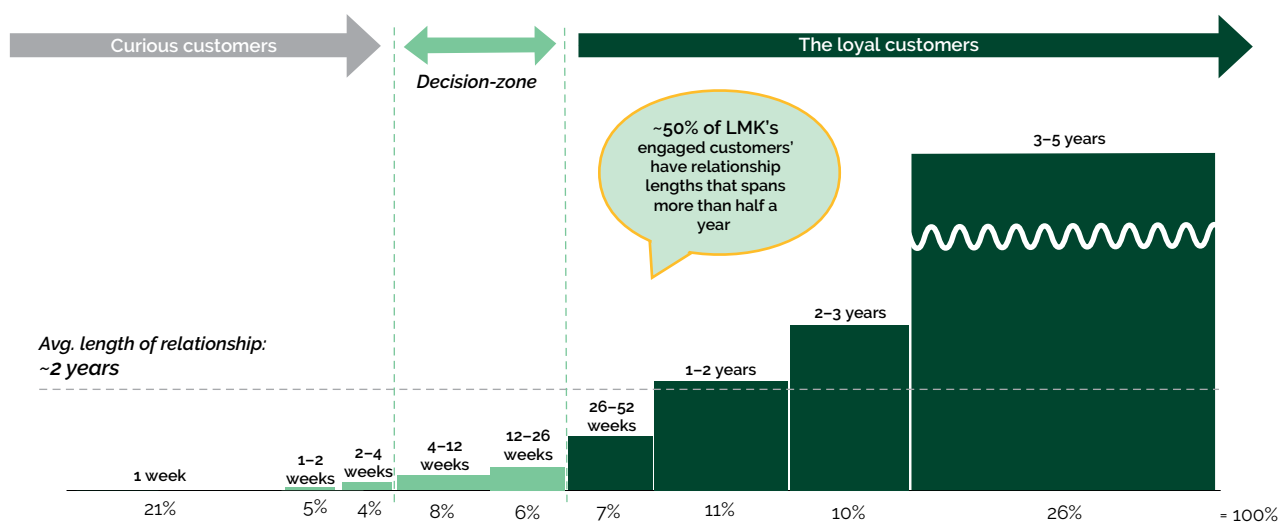
### DEVELOPMENT OF ACTIVE CUSTOMERS



### CUSTOMER OVERVIEW

LMK Group's customer base can be broken down into various customer groups: *curious customers*, *customers in the decision making zone* and *loyal customers*. Curious customers have a customer relationship of between 1–4 weeks, customers in the decision making zone have a customer relationship of between 4–26 weeks and loyal customers have had a customer relationship for longer than 26 weeks. The average duration of LMK Group's customer relationships is approximately 2 years, where approximately 50 per cent of the customer base are loyal customers. See more detailed information regarding the breakdown of the customer base in the graph below:

### BREAKDOWN OF THE CUSTOMER BASE

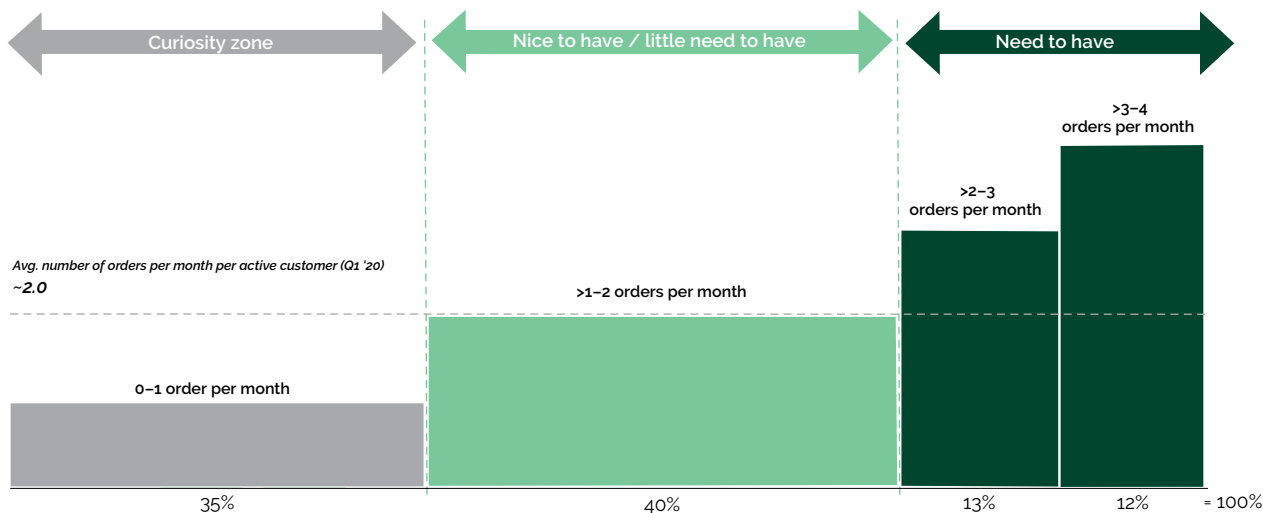




LMK Group's customers behave in different ways in terms of their meal kit ordering patterns. Customers' ordering patterns can be broken down into three different segments: (i) "Curiosity zone", (ii) "Nice to have/little need to have" and (iii) "Need to have". Customers in the "Curiosity zone" segment place between 0–1 orders per month and account for approximately 35 per cent of the customer base, customers in the "Nice to have/

little need to have" segment place between 1–2 orders per month and account for approximately 40 per cent of the customer base, and the customers in the "Need to have" segment place approximately 2–4 orders per month and account for approximately 25 per cent of the customer base. See more detailed information about the various segments in respect of meal kit ordering patterns in the graph below.

**BREAKDOWN OF ORDERS**



## Growth strategy

The Group has identified three distinct growth drivers, which together constitute the cornerstones of the Group's growth strategy:

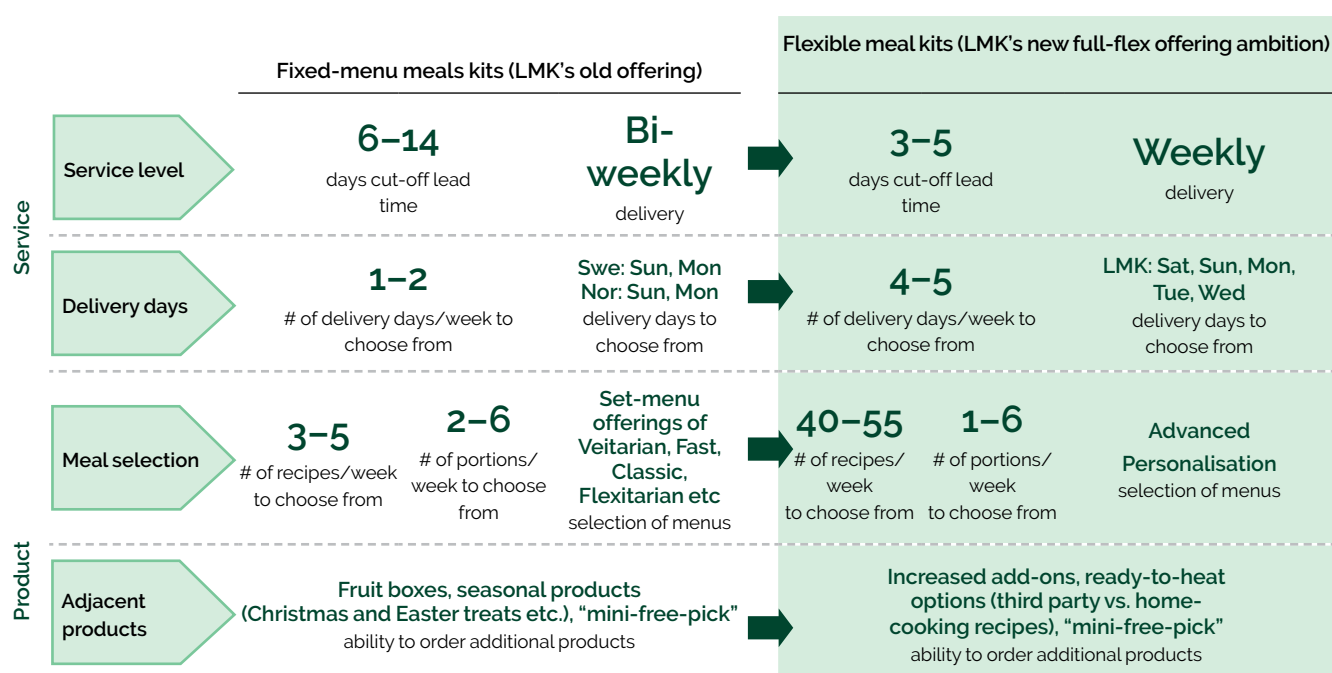
- ◆ Increase the number of active customers;
- ◆ increase order frequency; and
- ◆ increase the average order value.

By working in parallel with these three growth drivers, the Group believes that it will be able to achieve significant growth. Considerable emphasis has therefore been placed on developing of a strategy for growth within each driver. The foundations of the growth strategy are based on improving the Group's service through increased flexibility.

## THE GROUP'S NEW FLEXIBLE PRODUCT AND SERVICE OFFERING

LMK Group has embarked on a journey in which it is abandoning its old offering of fixed meal kits in favour of the ambition of a new offering with fully flexible meal kits. In Sweden, for example, this means that the Group is shifting from deliveries every other week with a lead time of 6–14 days from cut-off, to deliveries every week with 3–5 days' cut-off and deliveries from Wednesday to Sunday. A corresponding improvement is also being implemented regarding the number of recipes/week, where the ambition is 40–55 recipes/week. This has almost been achieved and compares favourably with the previous 3–5 recipes/week. With a larger selection of recipes and improved potential for individual adaptation – both in terms of product flexibility and delivery flexibility – more customer segments can be addressed, thereby creating a larger addressable market.

## OVERVIEW OF THE GROUP'S OLD AND NEW OFFERING



Below is a description of the actions the Group intends to take in order to complete its growth strategy in the three relevant areas.

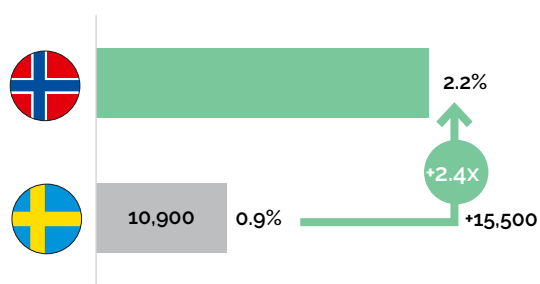
### INCREASE THE NUMBER OF CUSTOMERS

Through the new flexible offering, the addressable market is increasing significantly. Large customer groups that have previously renounced or left the service now have the opportunity to find a solution that suits them. By working actively to reactivate these customers and get them to try out the new flexible offering, the potential exists to reactivate the approximately 290,000 customers who are currently passive.<sup>1)</sup> As part of this initiative, the Group's sales and marketing function, which currently comprises seven fulltime employees with a focus on customer development, was restructured in March 2020. The Group's CRM team focuses on three main areas: 1) working with existing customers to get them to stay and order food bags as often as possible, 2) activating paused/inactive/churned customers, and 3) working with the new customer journey, focusing on the first 12 weeks of the customer's life cycle to ensure that they get off to a good start. Investments are made on an ongoing basis in automated sales and marketing tools in order to improve customer management. Based on a customer survey that the Group has commissioned, the Group believes that a large proportion of the roughly 290,000<sup>2)</sup> customers who are

currently passive could be reactivated by educating them about the improved offering.

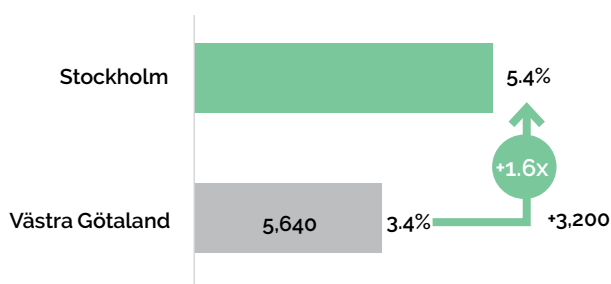
In a more detailed analysis of geographic penetration, the Group has ascertained that several of the larger regions enjoy very low levels of penetration. For example, if Västra Götaland in Sweden were to achieve the same degree of penetration of active customers (among families) as Stockholm, this would increase the number of annual customers by around 3,200.<sup>3)</sup> According to the Group, the explanation for the large geographic differences is mainly that they have previously chosen to focus sales and marketing activities on the capital regions. Improved sales and marketing in these regions could increase the number of customers appreciably. Similar under penetration is also found in certain customer segments. For example, the average penetration among couples in Norway stands at around 2.2 per cent, while the corresponding figure in Sweden is approximately 0.9 per cent.<sup>4)</sup> The explanation for this is probably the fact that the Group has not offered meal kits for couples in Sweden for many years. By adding meal kits for couples in Sweden as well, this opens up a large market segment, and assuming an equivalent level of penetration for couples in Sweden to that seen in Norway, this would entail around 15,500 new customers.<sup>5)</sup> See more information about market penetration in the graphs below.

### PROPORTION OF ACTIVE CUSTOMERS AMONG COUPLES IN NORWAY AND SWEDEN<sup>1)</sup>



1) In the Group's assessment, which is based on the Group's active customers in relation to the total number of households according to statistics from Statistics Sweden and SSB.

### PROPORTION OF ACTIVE CUSTOMERS AMONG FAMILIES IN STOCKHOLM AND VÄSTRA GÖTALAND<sup>1)</sup>



1) In the Group's assessment, which is based on the Group's active customers in relation to the total number of households according to statistics from Statistics Sweden and SSB.

- Number of registered customers totalling approximately 405,000 minus number of active customers totalling approximately 115,000, which corresponds to approximately 290,000 passive customers as of December 2020.
- Number of registered customers totalling approximately 405,000 minus number of active customers totalling approximately 115,000, which corresponds to approximately 290,000 passive customers as of December 2020.
- In the Group's assessment, which is based on the Group's active customers in relation to the total number of households according to statistics from Statistics Sweden and SSB. Enligt Koncernens bedömning som baseras på Koncernens aktiva kunder i relation till totalt antal hushåll utifrån statistik från SCB och SSB.
- In the Group's assessment, which is based on the Group's active customers in relation to the total number of households according to statistics from Statistics Sweden and SSB.
- In the Group's assessment, which is based on the Group's active customers in relation to the total number of households according to statistics from Statistics Sweden and SSB.



An increased focus on sales and marketing is an important part of the growth strategy and the launch of the new flexible offering. According to the Group, the ambition is to increase sales and marketing expenditure from approximately 9 per cent of net sales in 2020 to approximately 12–13 per cent. This will create good conditions for increasing the number of new customers, as well as creating the potential to reactivate former customers who have left the platform. Overall, the Group considers that there is an extremely large and untapped potential to increase its market penetration in the three markets in which it operates.

### **INCREASE PURCHASING FREQUENCY**

Part of the Group's growth strategy is to increase its customers' purchasing frequency. The Group considers that this would be possible by offering access to weekly deliveries to all delivery areas in Sweden, and by shifting more customers to weekly subscription. Up until the start of 2020, almost all of the Group's customers in Sweden were only offered delivery on a bi-weekly basis. Many of the Group's loyal customers are keeping to this purchasing pattern, whereas new customers often choose to subscribe every week. The Group can see considerable potential in offering the customer a more personalised product, including an automated process through artificial intelligence in the choice of dishes, as well as offering the customer an option of setting their own personal preferences. This is an important benefit that the Group's competitors do not currently offer. As the Group offers a subscription service that delivers dinners to customers every week, it will be a huge advantage if the Group can make it possible for the customer to influence their food even more.

### **INCREASE THE AVERAGE ORDER VALUE**

There is a clear strategy to increase the average order value. In the autumn of 2020, the Group carried out an extensive study in relation to segmentation and brand positioning, and has thereby acquired a considerable amount of information about how product development should take place. As from January 2021, the Group is offering a complementary range of selected groceries with the focus on breakfast and snacks

for all the brands. The Group has been offering this to Godtlevvert's customers since May 2018 and has witnessed a positive impact on customer loyalty. The Group currently has the technical capacity to manage up to 100 different stock units within this complementary offering. The initiative was relaunched in October 2020 for Adams Matkasse, and just five weeks after the launch, some 4.6 per cent of all the deliveries had utilised the additional offering. An equivalent concept was rolled out in Sweden in January 2021. The Group's long term assessment is that around 10 per cent of the deliveries that are made will utilise this add-on on a weekly basis.

The strategy for increasing the average order value includes a number of other measures that are extending the existing offering. For example, the shift to the flexible offering is making it possible to offer the sale of premium recipes and products, as well as the potential to add higher quality or larger amounts of protein.

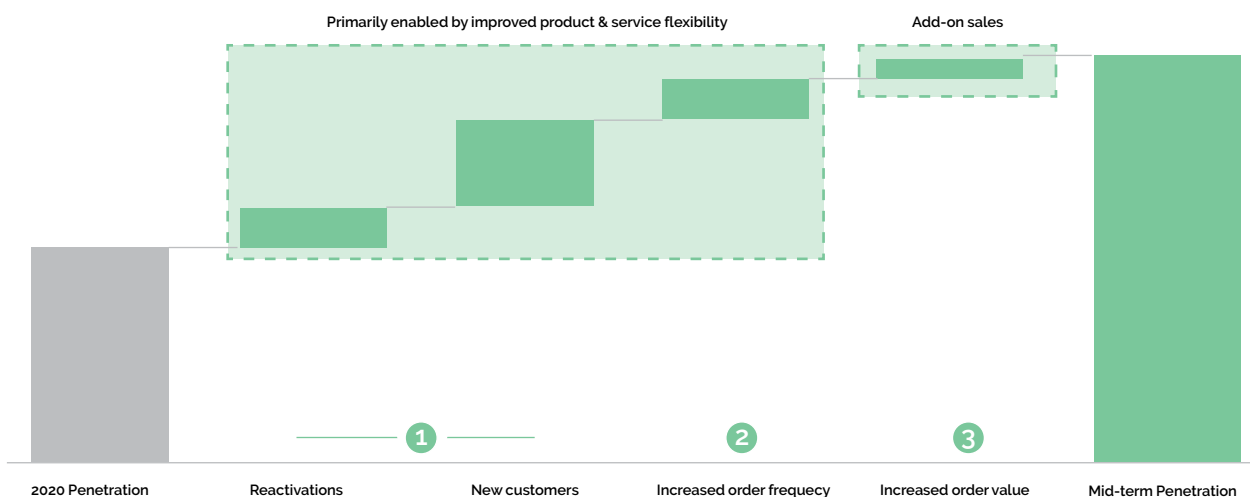
Other measures include an improved digital and physical user experience. Through greater personalisation and increased options for selection, the Group sees considerable potential in offering the customer a more personalised product where the recipes are hand picked for each customer. In 2020, the Group has worked to build a dedicated team in the field of data analysis, which is focusing on the development of smart algorithms that generate automated menu suggestions and recommendations that meet the customer's demands for variety, ingredients, price and nutritional value. This is an important benefit in terms of the potential to increase the scalability of the offering to even more customers, as every family and their day-to-day lives are unique.

Finally, investigations are also under way regarding the potential to utilise the Group's platform and logistics network to sell complementary products from other suppliers. Some free pick operators, including MatHem and Kolonial, are cooperating e.g. with Clas Ohlson and Mat.se is cooperating with Apohem to offer complementary products.

### SUMMARY OF THE PRIMARY GROWTH DRIVERS IN THE MEDIUM TERM

The table below presents an overview of what the Group considers to be the primary growth drivers for LMK Group in the medium term. The graph is an estimate that the Group has prepared to illustrate what proportion of the growth each individual growth driver is expected to constitute.

### ILLUSTRATIVE PICTURE OF THE GROUP'S PRIMARY GROWTH DRIVERS IN THE MEDIUM TERM



### THE THREE GROWTH DRIVERS' IMPACT ON NET SALES

The three sensitivity tables presented below provide an overview of how the Group's net sales might look if one or more of the growth drivers were to be adjusted.

#### SENSITIVITY TABLES

Current figures	
Growth drivers	FY 2020
1 Active customers	115,000
2 Orders per active customer	15,1/year
3 Average order value	SEK 701

#### ANNUAL SALES IN SEKM (AVG. ORDER VALUE SEK 750)

	# of orders per active customer / year					
	14	16	18	20	22	24
135,000	1,418	1,620	1,823	2,025	2,228	2,430
130,000	1,365	1,560	1,755	1,950	2,145	2,340
125,000	1,313	1,500	1,688	1,875	2,063	2,250
120,000	1,260	1,440	1,620	1,800	1,980	2,160
115,000	1,208	1,380	1,553	1,725	1,898	2,070
110,000	1,155	1,320	1,485	1,650	1,815	1,980
105,000	1,103	1,260	1,418	1,575	1,733	1,890
100,000	1,050	1,200	1,350	1,500	1,650	1,800

#### ANNUAL SALES IN SEKM (AVG. ORDER VALUE SEK 700)

	# of orders per active customer / year					
	14	16	18	20	22	24
135,000	1,323	1,512	1,701	1,890	2,079	2,268
130,000	1,274	1,456	1,638	1,820	2,002	2,184
125,000	1,225	1,400	1,575	1,750	1,925	2,100
120,000	1,176	1,344	1,512	1,680	1,848	2,016
115,000	1,127	1,288	1,449	1,610	1,771	1,932
110,000	1,078	1,232	1,386	1,540	1,694	1,848
105,000	1,029	1,176	1,323	1,470	1,617	1,764
100,000	980	1,120	1,260	1,400	1,540	1,680

#### ANNUAL SALES IN SEKM (AVG. ORDER VALUE SEK 800)

	# of orders per active customer / year					
	14	16	18	20	22	24
135,000	1,512	1,728	1,944	2,160	2,376	2,592
130,000	1,456	1,664	1,872	2,080	2,288	2,496
125,000	1,400	1,600	1,800	2,000	2,200	2,400
120,000	1,344	1,536	1,728	1,920	2,112	2,304
115,000	1,288	1,472	1,656	1,840	2,024	2,208
110,000	1,232	1,408	1,584	1,760	1,936	2,112
105,000	1,176	1,344	1,512	1,680	1,848	2,016
100,000	1,120	1,280	1,440	1,600	1,760	1,920

## Profitability strategy

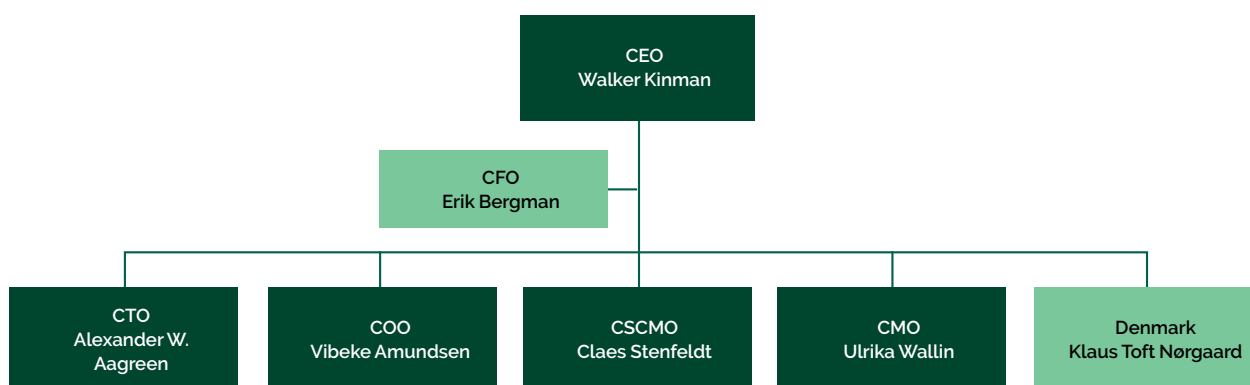
Over time, the Group is expected to maintain and increase its long-term profitability through a combination of growth strategies and cost control. Profitability may fall slightly in the short term, however, as a result of an increased focus on growth and costs linked to the new flexible offering. According to the Group, LMK Group will be increasing its sales and marketing activities in order to attract new customers. The goal is for a new customer to be profitable after six months, based on the financial calculation for the cost of a newly acquired customer. The Group also believes that there are continued opportunities for improvement in the manufacturing process and operating procedures that are expected to provide additional savings, and that there are also economies of scale related to specific fixed costs.

## Organisation and employees

### ORGANISATION

The Group is headed by Walker Kinman, who was promoted to CEO in September 2019 from his previous role as CFO, which he had held since January 2018. Walker Kinman has extensive experience as a senior executive, and has spent the last 17 years as CFO in a number of international companies in various sectors. In addition to the senior executive Walker Kinman (CEO), LMK Group is governed by six (6) other key individuals with experience in the fields of meal kits, retail, e-commerce and production, entailing good industry expertise and a broad network of contacts. These individuals are Erik Bergman (Group Controller since 2019 and CFO since 2021), Alexander W. Aagreen (CTO since 2016), Claes Stenfeldt (Purchasing Manager Sweden since 2018 and CSCMO since 2020), Ulrika Wallin (CMO since 2020), Vibeke Admundsen (COO since 2021) and Klaus Toft Nørgaard (MD of Retnemt since 2006). On 31 December 2020, LMK Group had 282 full-time employees. The senior executives and key personnel within LMK Group who are presented below have an average of more than 2–3 years of experience in the Group.

### ORGANISATIONAL OVERVIEW OF THE MANAGEMENT TEAM



## EMPLOYEES

Of the Group's senior executives and key individuals, 4 out of the 7 are resident in Sweden. Historically, the Group has demonstrated a good ability to retain its staff, indicating that LMK Group is considered to be a much appreciated employer by many. The Group is constantly working to provide education and training for its personnel in order to increase product knowledge, sales capacity and personal growth. Training is a central part of the Group's operations, as it is considered critical within LMK Group to improve customer service and the Group's competitive position on the market. Below is a summary of LMK Group's distribution of fulltime employees by region and department.

Corporate function	Sweden	Norway	Denmark
Management	4	2	1
Purchasing and menü	18	22	3
Production and logistics	52	30	42
Customer service	13	15	4
IT	4	16	0
Sales and marketing	21	20	2
Accounting and administration	5	7	1
<b>Total</b>	<b>117</b>	<b>112</b>	<b>53</b>

## Sustainability

Sustainability, social and environmental issues are a key part of LMK Group's code of conduct and operations. As a result, LMK Group conducts its work in a socially responsible manner. LMK Group prepares a sustainability report, which is based on the Group bearing in mind the development of society at large and taking into account the effects that its operations have on customers, suppliers, employees and shareholders, as well as on society and the environment in general.

## HEALTH

Inspiring varied eating habits has always been one of the cornerstones of the Group's operations, and this will continue to be the case. By contributing to healthy eating habits, LMK Group initially wants to facilitate and create the conditions for a healthy lifestyle, and in the longer term to contribute to improved public health. The Group has a vision whereby people should not only eat tastier, but also better, and it therefore conducts planning and nutritional calculations for the majority of its recipes based on Nordic nutritional recommendations.

- ◆ As nutritional calculations are performed for almost all of the meals, the customer can rest assured that they are receiving varied and healthy food. The nutritional calculations lean towards the Nordic nutritional recommendations (NNR 2012) and, in practice, mean that the recipes are not only subject to nutritional calculations, but are also tailored to fall within the framework of the recommendations.
- ◆ The Group is constantly working to guarantee healthy products. For example, a product policy has been drawn up that is presented to suppliers, where the Group places demands on products in order e.g. to minimise additives and pesticides in the goods that are sent to the customer.

## FOOD WASTE

Minimising the occurrence of food waste in the overall flow of food production is an important part of the Group's sustainability work, both from a values perspective and a financial perspective. The recipes are optimised to ensure that all the ingredients are used. LMK Group consequently only buys in what the customer actually orders. In this way, the business is conducted in a way that, that from the outset, creates the conditions for minimising food waste.

- ◆ Optimised menus create the conditions to plan the customer's purchases in a way that minimises the food waste – the goal is that everything in the grocery bag will be used.
- ◆ The Group imposes requirements for suppliers to develop products that minimise the occurrence of food waste, both in the flow of goods and at the home of the customer.
- ◆ The food items that for some reason cannot be delivered in the customers' food bags, sold or returned to the supplier, are forwarded to charities (see the section "*Social responsibility*" for more information).

## FOOD PRODUCTS

For the Group, it is important to offer customers food that has been produced sustainably to create as small carbon footprint and environmental impact as possible. In order to offer this, LMK Group adopts positions in respect of how weekly menus should be composed as well as which foods are ordered and delivered to customers.

- ◆ The Group's function for menu planning and purchasing stipulates demands in respect of how the goods that are sent out in the bags are produced, i.e. how they are grown, harvested, processed or otherwise handled.

- ◆ The menu team works actively to select vegetables according to the season as well as organic products.

### CONSUMPTION OF RESOURCES

In order to contribute to the UN's global goals for mitigating climate change, the Group is constantly working to identify opportunities to reduce resource consumption through smart choices and the efficient use of resources.

- ◆ With home delivery to the customer's door, the Group can contribute to reduced transport needs for those customers who subscribe to the service.
- ◆ The food products for the customer's dinners are often delivered without any "shop packaging", which means that the amount of packaging can be reduced compared to when the customer buys food off the shop shelf.
- ◆ The Group is striving to reduce carbon dioxide emissions, and a large proportion of the goods are delivered in coordinated transport to the production plant and to the end consumer. By switching to single-consignment deliveries in Sweden in 2019 (the same production technology that was already being used in Norway), i.e. all the food items are delivered in a shared crate that is adapted for use on pallets, the business has optimised deliveries in such a way that more

food bags can fit in one and the same transport. With this change, the need for separate refrigerated boxes has also disappeared, resulting in the elimination of return transports.

- ◆ In 2019, a new system for better forecasting and better ordering procedures in relation to suppliers has been implemented. This is contributing to improved forecasts for food suppliers and better opportunities to optimise the production of food products, transport and in-house operations.

### SOCIAL RESPONSIBILITY

The issue of social responsibility is central to LMK Group and permeates day-to-day operations. The Group is built on, and has achieved success through, value driven entrepreneurship in which sustainability in a number of areas, not least social responsibility, has been the governing principle. The Group considers it essential to be an active piece of the puzzle in the combined work towards the global goals.

The Group has conducted a CSR project in Kenya since 2010, and in 2014 the school lunch project Plate for Plate was launched in which the Group, together with its customers, helps to serve school lunches to more than 10,000 children a day.





# Selected financial information

The following information should be read together with the sections "*Operational and financial overview*", "*Capitalisation, indebtedness and other financial information*" and the Group's audited consolidated financial reports (statements) as per and for the financial years ending on 31 December 2020, 2019 and 2018 in the section "*Historical financial information*".

This section contains selected, historical financial information that has been taken from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018, which have been prepared in accordance with IFRS, as adopted by the EU, and which have been audited by the Group's independent auditors, KPMG AB, as specified in their audit report, which is included.

The Prospectus presents some financial information that does not constitute IFRS measures (see the section "*Definitions of alternative key performance indicators that are not defined according to IFRS*" for definitions of these).

The alternative key performance indicators are used by the management to monitor operations, and are taken from the Group's internal accounting and reporting systems that are subject to internal control of the financial reporting. The company believes that these measures, which have not been defined in accordance with IFRS, provide valuable supplementary information to the Group's management, investors and other stakeholders for the evaluation of the Group's performance.

According to these guidelines, alternative key performance indicators refer to financial measures of historical or future profit growth, financial position, financial performance or cash flows that are not defined or specified in the applicable rules for financial reporting (which is IFRS for the Group).

These financial measures should not be viewed in isolation from, or as a substitute for, the performance indicators that are produced in accordance with IFRS. Such measures, as defined by the Group, may also not be comparable with other measures with similar names that are used by other companies. For a description of the calculation of non-IFRS measures and the reason for their use, please refer to the sections "*Reconciliation tables regarding alternative key performance indicators*" and "*Definitions of alternative key performance indicators that are not defined in accordance with IFRS*".

Other than which is expressly stated, no information in the Prospectus has been reviewed or audited by the Group's auditor. In some cases, the amounts in this section have been rounded off and therefore do not always add up correctly.

# Consolidated income statement and comprehensive income

SEK thousands	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
<b>Operating income</b>			
Net sales	1,216,977	1,085,621	1,326,282
Other operating income	7,861	8,343	7,877
	<b>1,224,838</b>	<b>1,093,964</b>	<b>1,334,159</b>
<b>Operating expenses</b>			
Goods for resale	-746,951	-705,641	-920,488
Other external expenses	-162,178	-129,452	-228,297
Personnel costs	-180,400	-175,978	-217,291
Depreciation	-43,582	-45,736	-50,071
Impairment of goodwill and intangible assets	-	-182,000	-266,947
Capital gains/losses on disposal of subsidiaries	-	-	-11,231
Other operating expenses	-219	-397	-325
<b>Operating profit/loss</b>	<b>91,508</b>	<b>-145,240</b>	<b>-360,491</b>
Interest income	172	424	163
Interest expenses	-27,532	-24,090	-20,274
Other financial income	1,640	905	353
Other financial expenses	-2,254	-2,768	-574
<b>Net financial items</b>	<b>-27,974</b>	<b>-25,529</b>	<b>-20,332</b>
<b>Profit/loss before tax</b>	<b>63,534</b>	<b>-170,769</b>	<b>-380,823</b>
Tax	3,735	-6,270	13,652
<b>NET PROFIT FOR THE YEAR</b>	<b>67,269</b>	<b>-177,039</b>	<b>-367,171</b>
Profit/loss for the year attributable to:			
Parent company's shareholders	65,034	-177,367	-366,872
Non-controlling interests	2,235	328	-299
<b>Net profit for the year</b>	<b>67,269</b>	<b>-177,039</b>	<b>-367,171</b>
Earnings per share SEK, before and after dilution	-11,71	-59,75	-97,04
<b>Other comprehensive income</b>			
<i>Items that have been or may be transferred to profit/loss for the year</i>			
Translation differences for the year when translating foreign operations	-40,819	7,513	11,275
Tax attributable to items that have been or may be transferred to profit/loss for the year	-40,819	7,513	11,275
<b>Items that cannot be transferred to profit/loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the year</b>	<b>-40,819</b>	<b>7,513</b>	<b>11,275</b>
<b>Comprehensive income for the year</b>	<b>26,450</b>	<b>-169,527</b>	<b>-355,896</b>
Comprehensive income for the year attributable to:			
Parent company's shareholders	24,645	-169,805	-355,955
Non-controlling interests	1,805	278	60
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>26,450</b>	<b>-169,527</b>	<b>-355,896</b>

1) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.



## Consolidated statement of financial position

SEK thousands	As of 31 December <sup>1)</sup>		
	2020	2019	2018
<b>Assets</b>			
Goodwill	222,907	248,979	427,311
Brands	306,265	320,735	316,824
Customer contracts and relationships	24,607	39,174	52,161
Other intangible assets	16,662	18,350	15,762
<b>Total intangible assets</b>	<b>570,442</b>	<b>627,238</b>	<b>812,058</b>
Leasehold improvement	3,044	4,335	5,691
Plant and machinery	4,792	5,023	5,541
Equipment	6,130	6,188	7,920
Right-of-use assets	105,997	105,400	117,089
<b>Total tangible assets</b>	<b>119,963</b>	<b>120,947</b>	<b>136,242</b>
Financial investments	-	-	-
Deferred tax assets	24,302	8,580	9,651
Other non-current receivables	3,077	3,362	2,429
<b>Total other non-current assets</b>	<b>27,109</b>	<b>11,942</b>	<b>12,080</b>
<b>Total non-current assets</b>	<b>717,514</b>	<b>760,127</b>	<b>960,380</b>
Inventories	5,444	6,723	10,068
Accounts receivable	9,138	9,541	8,627
Tax assets	1,360	2,131	3,359
Prepaid expenses and accrued income	20,995	12,267	15,755
Receivables from Group companies	705	545	321
Other receivables	3,024	2,985	6,067
Cash and cash equivalents	80,416	9,829	10,495
<b>Total current assets</b>	<b>121,082</b>	<b>44,020</b>	<b>54,692</b>
<b>TOTAL ASSETS</b>	<b>838,596</b>	<b>804,147</b>	<b>1,015,072</b>

1) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

## Consolidated statement of financial position, *cont.*

SEK thousands	As of 31 December <sup>1)</sup>		
	2020	2019	2018
<b>Equity</b>			
Share capital	929	929	903
Other contributed capital	912,569	912,569	910,823
Translation reserve	-15,025	25,362	17,800
Retained earnings including profit/loss for the year	-623,545	-676,477	-490,710
<b>Equity attributable to shareholders in the parent company</b>	<b>274,928</b>	<b>262,383</b>	<b>438,815</b>
<b>Non-controlling interests</b>	<b>5,301</b>	<b>3,496</b>	<b>3,218</b>
<b>Total equity</b>	<b>280,229</b>	<b>265,879</b>	<b>442,033</b>
<b>Liabilities</b>			
Bond loans	136,128	143,611	146,877
Liabilities to credit institutions	-	-	-
Non-current leasing liabilities	94,071	91,501	101,474
Contractual liabilities	6,002	10,359	12,905
Other non-current liabilities	22,958	71,771	54,731
Deferred tax liabilities	69,601	76,024	77,859
<b>Total non-current liabilities</b>	<b>328,759</b>	<b>393,266</b>	<b>393,845</b>
Liabilities to credit institutions	3,076	11,472	13,688
Current leasing liabilities	21,749	21,588	21,442
Accounts payable	69,384	67,597	94,904
Tax liabilities	10,638	7,065	-
Other liabilities	87,329	8,013	8,811
Accrued expenses and prepaid income	37,432	29,267	40,350
<b>Total current liabilities</b>	<b>229,608</b>	<b>145,002</b>	<b>179,194</b>
<b>Total liabilities</b>	<b>558,367</b>	<b>538,268</b>	<b>573,040</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>838,596</b>	<b>804,147</b>	<b>1,015,073</b>

1) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

## Consolidated statement of cash flows (Indirect method)

SEK thousands	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
<b>Operating activities</b>			
Profit/loss before tax	63,534	-170,769	-380,823
Income tax paid	-7,629	333	4,072
Adjustment for non-cash items	60,203	234,696	330,979
	<b>116,108</b>	<b>64,260</b>	<b>-45,772</b>
Increase (-)/Decrease (+) in inventories	988	3,606	8,827
Increase (-)/Decrease (+) in operating receivables	-8,359	3,089	17,324
Increase (+)/Decrease (-) in operating liabilities	13,494	-41,529	-1,663
<b>Cash flow from operating activities</b>	<b>122,231</b>	<b>29,426</b>	<b>-21,284</b>
<b>Investing activities</b>			
Acquisition of tangible assets	-4,540	-3,198	-9,167
Acquisition of intangible assets	-5,395	-7,642	-9,148
Disposal of subsidiaries/operations, net liquidity impact	-	-	1,653
Disposal of financial assets	-	-	2,624
Promissory notes receivable	-	-	-1,937
Payment deposit	-	-786	-35
<b>Cash flow from investing activities</b>	<b>-9,935</b>	<b>-11,626</b>	<b>-16,010</b>
<b>Financing activities</b>			
New share issue	-	1,772	-
Repurchase of bond share	-9,703	-3,678	13,381
Change in bank overdraft facility	-9,360	-	-
Amortization of loans	-	-	-748
Amortization of lease liability	-16,459	-17,212	-12,722
<b>Cash flow from financing activities</b>	<b>-35,522</b>	<b>-19,118</b>	<b>-89</b>
Cash flow for the year	76,774	-1,318	-37,383
Cash and cash equivalents at the beginning of the year	9,829	10,495	47,231
Exchange differences in cash and cash equivalents	-6,187	652	647
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>80,416</b>	<b>9,829</b>	<b>10,495</b>

1) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

## Consolidated key performance indicators

Presented below are selected key performance indicators that are defined in accordance with IFRS and alternative key performance indicators that are not defined in accordance with IFRS, as well as operating key performance indicators.

Guidelines in respect of alternative key performance indicators for companies with securities admitted to trading on a regulated market in the EU have been issued by the European Securities and Markets Authority (ESMA). The guidelines are intended to make alternative key performance indicators in financial statements more comprehensible, reliable and comparable, thereby promoting their usability. According to these guidelines, alternative key performance indicators refer to financial measures of historical or future profit growth, financial position, financial performance or cash flows that are not defined or specified in the applicable rules for financial reporting (which is IFRS for the Group).

The following tables include selected alternative key performance indicators, which have not been defined or specified in accordance with IFRS unless otherwise stated. Some descriptions of the key performance indicators present the development of financial key performance indicators that are not defined in accordance with IFRS. The operating key performance indicators measure non-financial parameters that are important in understanding the Group's development.

The Group judges that the alternative key performance indicators provide valuable supplementary information to the Group's management, investors and other stakeholders for the evaluation of the Group's performance.

Not all companies calculate financial measures in the same way, and as a result these are not always comparable with the measures used by other companies. These measures should therefore not be viewed as a substitute for measures defined in accordance with IFRS.

Alternative key performance indicators that are not defined in accordance with IFRS and are specified in the section "*Selected key performance indicators – financial key performance indicators*" are based on information taken from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018, and/or the Group's internal accounting and reporting systems that are subject to internal control of the financial reporting.

See the section "*Definitions of alternative key performance indicators that are not defined in accordance with IFRS*" for definitions and the reason for using key performance indicators that have not been defined in accordance with the IFRS section, and "*Reconciliation tables regarding alternative key performance indicators*" for the reconciliation of these alternative key performance indicators.

## SELECTED KEY PERFORMANCE INDICATORS

### Financial key performance indicators

SEK thousands, unless otherwise indicated	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
<b>SALES MEASURES<sup>2)</sup></b>			
Net sales <sup>3)</sup>	1,216,977	1,085,621	1,326,282
<i>Net sales growth, %</i>	12.1	-18.1	-
<i>Net sales growth (adjusted for exchange rate differences), %</i>	17.4	-18.7	-
<b>MARKETING MEASURES<sup>2)</sup></b>			
Sales and marketing expenses	-129,886	-98,399	-167,130
<i>Sales and marketing expenses in relation to net sales, %</i>	-10.7	-9.1	-12.6
<i>Change in sales and marketing expenses, %</i>	32.0	-41.1	-
<b>PROFITABILITY MEASURES<sup>2)</sup></b>			
Contribution margin	359,192	268,677	257,661
Operating profit/loss (EBIT) <sup>3)</sup>	91,508	-145,240	-360,491
Adjusted EBIT	101,743	41,666	-71,716
EBITDA	135,090	-99,504	-310,420
Adjusted EBITDA	145,325	87,402	-21,645
<b>MARGIN MEASURES<sup>2)</sup></b>			
Contribution margin, %	29.5	24.7	19.4
EBIT margin, %	7.5	-13.4	-27.2
Adjusted EBIT margin, %	8.4	3.8	-5.4
EBITDA margin, %	11.1	-9.2	-23.4
Adjusted EBITDA margin, %	11.9	8.1	-1.6
<b>CASH FLOW MEASURES<sup>2)</sup></b>			
Capex ratio, %	0.8	1.0	1.4
Cash flow from operating activities <sup>3)</sup>	122,231	29,426	-21,284
<b>CAPITAL STRUCTURE<sup>2)</sup></b>			
Net interest-bearing liabilities (excl. leasing liabilities)	88,907	164,114	165,194
Working capital	-68,216	-65,348	-94,736
<i>Working capital in relation to net sales, %</i>	-5.6	-6.0	-7.1
<i>Equity/assets ratio, %</i>	33.4	33.1	43.5

1) All the key performance indicators below, with the exception of Net sales, constitute alternative key performance indicators that are not defined according to IFRS and that do not replace any measure within IFRS. For more information about alternative key performance indicators, including definitions and purpose, please refer to the section "Definitions of alternative key performance indicators that are not defined according to IFRS".

2) For a reconciliation of alternative key performance indicators, please refer to the section "Reconciliation tables regarding alternative key performance indicators that are not defined according to IFRS".

3) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

**Operating key performance indicators**

SEK thousands, unless otherwise indicated	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
<b>CUSTOMERS AND ORDERS</b>			
Number of active customers as per the closing date	114,717	100,714	113,410
Number of deliveries	1,736,638	1,531,968	2,024,133
<b>UNIT ECONOMICS</b>			
Average order value, SEK	701	709	655
Growth in average order value (adjusted for exchange rate differences), %	3.6	7.5	-
Contribution margin per delivery, SEK	207	175	127
Adjusted EBITDA per delivery, SEK	84	57	-11
<b>THE ORGANISATION</b>			
Employees at the end of the period	282	258	306

1) Based on unaudited information Derived from the Group's management support system as well as internal accounting and reporting systems.

## RECONCILIATION TABLES REGARDING ALTERNATIVE KEY PERFORMANCE INDICATORS THAT ARE NOT DEFINED ACCORDING TO IFRS

SEK thousands, unless otherwise indicated	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
<b>SALES MEASURES</b>			
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
Net sales growth, %	12.1	-18.1	-
<b>Calculation of net sales (adjusted for exchange rate differences)</b>			
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
Exchange rate change (positive exchange rate change is presented with a negative sign and negative exchange rate change is presented with a positive sign)	57,731	-6,939	-
<b>Net sales (adjusted for exchange rate differences)</b>	<b>1,274,708</b>	<b>1,078,682</b>	<b>-</b>
<b>Calculation of net sales growth (adjusted for exchange rate differences)</b>			
Net sales (adjusted for exchange rate differences)	1,274,708	1,078,682	-
Net sales in previous period	-1,085,621	-1,326,282	-
<b>Net sales growth (adjusted for exchange rate differences)</b>	<b>189,087</b>	<b>-247,601</b>	<b>-</b>
<b>Calculation of net sales growth (adjusted for exchange rate differences), %</b>			
Net sales growth (adjusted for exchange rate differences)	189,087	-247,601	-
Net sales in previous period	1,085,621	1,326,282	-
<b>Net sales growth (adjusted for exchange rate differences), %</b>	<b>17.4</b>	<b>-18.7</b>	<b>-</b>
<b>Costs Goods for resale, Other external expenses and Personnel costs</b>			
Goods for resale <sup>2)</sup>	-746,951	-705,641	-920,488
Other external expenses <sup>2)</sup>	-162,178	-129,452	-228,297
Personnel costs <sup>2)</sup>	-180,400	-175,978	-217,291
<b>Total costs Goods for resale, Other external expenses and Personnel costs</b>	<b>-1,089,529</b>	<b>-1,011,071</b>	<b>-1,366,076</b>
of which:			
Input goods	-574,575	-541,481	-719,999
Fulfilment expenses	-283,210	-275,463	-348,622
Sales and marketing expenses	-129,886	-98,399	-167,130
Central functions Administration, HR, Customer Service and IT	-101,857	-95,729	-130,325
<b>Total</b>	<b>-1,088,529</b>	<b>-1,011,071</b>	<b>-1,366,076</b>
<b>MARKETING MEASURES</b>			
Sales and marketing expenses	-129,886	-98,399	-167,130
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
<b>Sales and marketing expenses in relation to net sales, %</b>	<b>-10.7</b>	<b>-9.1</b>	<b>-12.6</b>
<b>PROFITABILITY MEASURES</b>			
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
Input goods	-574,575	-541,481	-719,999
Fulfilment expenses	-283,210	-275,463	-348,622
<b>Contribution margin</b>	<b>359,192</b>	<b>268,677</b>	<b>257,661</b>
<b>Profit/loss before tax<sup>2)</sup></b>	<b>63,534</b>	<b>-170,769</b>	<b>-380,823</b>
Net financial items <sup>2)</sup>	-27,974	-25,529	-20,332
<b>Operating profit/loss (EBIT)<sup>2)</sup></b>	<b>91,508</b>	<b>-145,240</b>	<b>-360,491</b>
Depreciation <sup>2)</sup>	43,582	45,736	50,071
<b>EBITDA</b>	<b>135,090</b>	<b>-99,504</b>	<b>-310,420</b>

1) All the key performance indicators below, with the exception of Net sales, constitute alternative key performance indicators that are not defined according to IFRS and that do not replace any measure within IFRS. For more information about alternative key performance indicators, including definitions and purpose, please refer to the section "Definitions of alternative key performance indicators that are not defined according to IFRS". The information below that has not been derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018 has been based on unaudited information derived from the Group's internal accounting and reporting systems.

2) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

## RECONCILIATION TABLES REGARDING ALTERNATIVE KEY PERFORMANCE INDICATORS THAT ARE NOT DEFINED ACCORDING TO IFRS, CONT.

SEK thousands, unless otherwise indicated	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
<b>EBITDA</b>	<b>135,090</b>	<b>-99,504</b>	<b>-310,420</b>
<b>Items affecting comparability</b>			
Impairment of goodwill and intangible assets <sup>2)</sup>	-	182,000	266,947
Capital gains/losses on disposal of subsidiaries	-	-	11,231
Consolidation of production facilities <sup>3)</sup>	-	821	5,803
Restructuring personnel <sup>4)</sup>	2,773	-	4,268
Strategic review <sup>5)</sup>	7,309	-	-
Costs in respect of unrealised sales of shares in subsidiaries <sup>6)</sup>	153	2,701	-
Legal advice concerning the organization <sup>7)</sup>	-	1,021	-
Recruitment cost <sup>8)</sup>	-	-	526
Legal advice regarding financing <sup>9)</sup>	-	363	-
<b>Total items affecting comparability</b>	<b>10,235</b>	<b>186,906</b>	<b>288,775</b>
<b>Adjusted EBITDA</b>	<b>145,325</b>	<b>87,402</b>	<b>-21,645</b>
<b>Operating profit/loss (EBIT)<sup>2)</sup></b>	<b>91,508</b>	<b>-145,240</b>	<b>-360,491</b>
Items affecting comparability	10,235	186,906	288,775
<b>Adjusted EBIT</b>	<b>101,743</b>	<b>41,666</b>	<b>-71,716</b>
<b>Margin measures</b>			
Contribution margin	359,192	268,677	257,661
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
<b>Contribution margin, %</b>	<b>29.5</b>	<b>24.7</b>	<b>19.4</b>
Operating profit/loss (EBIT) <sup>2)</sup>	91,508	-145,240	-360,491
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
<b>EBIT margin, %</b>	<b>7.5</b>	<b>-13.4</b>	<b>-27.2</b>
Adjusted EBIT <sup>2)</sup>	101,743	41,666	-71,716
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
<b>Adjusted EBIT margin, %</b>	<b>8.4</b>	<b>3.8</b>	<b>-5.4</b>
EBITDA	135,090	-99,504	-310,420
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
<b>EBITDA margin, %</b>	<b>11.1</b>	<b>-9.2</b>	<b>-23.4</b>
Adjusted EBITDA	145,325	87,402	-21,645
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
<b>Adjusted EBITDA margin, %</b>	<b>11.9</b>	<b>8.1</b>	<b>-1.6</b>

- 1) All the key performance indicators below, with the exception of Net sales, constitute alternative key performance indicators that are not defined according to IFRS and that do not replace any measure within IFRS. For more information about alternative key performance indicators, including definitions and purpose, please refer to the section "Definitions of alternative key performance indicators that are not defined according to IFRS". The information below that has not been derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018 has been based on unaudited information derived from the Group's internal accounting and reporting systems.
- 2) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.
- 3) Closure of the production facilities in Stockholm and Mölndal, which were replaced by new production facilities in Mölnlycke. The cost is made up of e.g. the cost of laid off staff, the depreciation of packaging and stock that have not been possible to move, as well as rent for the notice period on the previous premises.
- 4) 2018: Cost-saving programme spanning several functional areas in Sweden and the closing down of parts of Customer Service in Norway. 2020: Merger of Norwegian and Swedish functions, which entailed duplicated positions.
- 5) External consulting costs in connection with strategic review, including IPO preparations.
- 6) Costs in association with the planned sale of shares in RetNemt.dk Aps.
- 7) Costs for legal advice and investigation related to organisational review.
- 8) Sign-on bonus for senior executives.
- 9) Costs for legal advice regarding liquidity, including shareholder agreements and supplements to the guarantee.



**RECONCILIATION TABLES REGARDING ALTERNATIVE KEY PERFORMANCE INDICATORS THAT ARE NOT DEFINED ACCORDING TO IFRS, CONT.**

SEK thousands, unless otherwise indicated	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
<b>CASH FLOW MEASURES</b>			
<b>Calculation of Capex ratio</b>			
Acquisition of tangible assets <sup>2)</sup>	4,540	3,198	9,167
Acquisition of intangible assets <sup>2)</sup>	5,395	7,642	9,148
<b>Capex</b>	<b>9,935</b>	<b>10,840</b>	<b>18,315</b>
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
<b>Capex-ratio, %</b>	<b>0.8</b>	<b>1.0</b>	<b>1.4</b>
<b>CAPITAL STRUCTURE</b>			
<b>Calculation of Working capital</b>			
Inventories <sup>2)</sup>	5,444	6,723	10,068
Accounts receivable <sup>2)</sup>	9,138	9,541	8,627
Prepaid expenses and accrued income <sup>2)</sup>	20,995	12,267	15,755
Other receivables <sup>2)</sup>	3,024	2,985	6,067
Accounts payable <sup>2)</sup>	-69,384	-67,597	-94,904
Accrued expenses and prepaid income <sup>2)</sup>	-37,432	-29,267	-40,350
<b>Working capital</b>	<b>-68,216</b>	<b>-65,348</b>	<b>-94,736</b>
Net sales <sup>2)</sup>	1,216,977	1,085,621	1,326,282
<b>Working capital in relation to net sales, %</b>	<b>-5.6</b>	<b>-6.0</b>	<b>-7.1</b>
<b>Calculation of the equity/assets ratio</b>			
Equity <sup>2)</sup>	280,229	265,879	442,033
Total assets <sup>2)</sup>	838,596	804,147	1,015,072
<b>Equity/assets ratio, %</b>	<b>33.4</b>	<b>33.1</b>	<b>43.5</b>
<b>Calculation of net interest-bearing liabilities (excl. leasing liabilities)</b>			
Bond loans <sup>2)</sup>	136,128	143,611	146,877
Accrued PIK interest <sup>2)</sup>	17,626	4,738	-
Acquisition liabilities <sup>2)</sup>	15,569	15,891	15,431
Overdraft facility <sup>2)</sup>	-	9,703	13,381
<b>Interest-bearing liabilities (excl. leasing liabilities)</b>	<b>169,323</b>	<b>173,943</b>	<b>175,689</b>
Cash and cash equivalents <sup>2)</sup>	-80,416	-9,829	-10,495
<b>Net interest-bearing liabilities (excl. leasing liabilities)</b>	<b>88,907</b>	<b>164,114</b>	<b>165,194</b>

- 1) All the key performance indicators below, with the exception of Net sales, constitute alternative key performance indicators that are not defined according to IFRS and that do not replace any measure within IFRS. For more information about alternative key performance indicators, including definitions and purpose, please refer to the section "Definitions of alternative key performance indicators that are not defined according to IFRS". The information below that has not been derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018 has been based on unaudited information derived from the Group's internal accounting and reporting systems.
- 2) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.

**Interim information**

The Board of Directors and senior executives of LMK Group consider the following information to be of material significance for investors. However, please note that the information in the table Financial key performance indicators and in the table *Quarterly reconciliation tables for alternative key performance indicators that are not defined according to IFRS* is based on information taken from the Group's internal accounting and

reporting systems, and that the information in the table Operating key performance indicators is based on information taken from the management support system and the Group's internal accounting and reporting systems, and that all the information is therefore unaudited. For definitions of the items listed below, please refer to the section "*Definitions of alternative key performance indicators that are not defined according to IFRS*".

**Financial key performance indicators**

SEK millions, unless otherwise indicated	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Net sales (SEK million)	331	241	324	321	255	225	277	328	322	245	354	404
Net sales (SEK million) (rolling 12 months)	1,217	1,142	1,125	1,078	1,086	1,153	1,173	1,250	1,326	-	-	-
Operating profit/loss (EBIT) (SEK million)	31	-4	46	18	-172	-17	23	20	-282	-51	-15	-13
EBIT margin	9%	-2%	14%	6%	-67%	-7%	8%	6%	-88%	-21%	-4%	-3%
Operating profit/loss (EBIT) (SEK million) (rolling 12 months)	92	-111	-124	-147	-145	-256	-290	-328	-360	-	-	-
EBIT margin (rolling 12 months)	8%	-10%	-11%	-14%	-13%	-22%	-25%	-26%	-27%	-	-	-
Adjusted EBITDA (SEK million)	47	7	59	32	26	-4	34	31	10	-33	1	0
Adjusted EBITDA margin	14%	3%	18%	10%	10%	-2%	12%	10%	3%	-13%	0%	0%
Adjusted EBITDA (SEK million) (rolling 12 months)	145	124	113	88	87	72	43	9	-22	-	-	-
Adjusted EBITDA margin (rolling 12 months)	12%	11%	10%	8%	8%	6%	4%	1%	-2%	-	-	-
Percentage change in sales and marketing expenses	43%	23%	22%	38%	-1%	-18%	-64%	-55%	-38%	3%	95%	54%
Contribution margin (SEK million)	105	67	96	92	71	50	69	79	68	30	67	92
Contribution margin (SEK million) (rolling 12 months)	359	325	308	282	269	266	247	244	258	-	-	-
Contribution margin, % (rolling 12 months)	29,5%	28,5%	27,4%	26,1%	24,7%	23,1%	21,0%	19,5%	19,4%	-	-	-

**Operating key performance indicators**

SEK millions, unless otherwise indicated	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Number of deliveries (thousands)	464	350	463	459	362	321	384	466	469	377	538	640
Number of deliveries (thousands) (rolling 12 months)	1,737	1,634	1,605	1,526	1,532	1,639	1,696	1,850	2,024	-	-	-
Number of active customers as per the closing date (thousands)	115	103	102	112	101	94	91	100	113	116	134	163
Contribution margin per delivery, SEK (rolling 12 months)	207	199	192	185	175	162	146	132	127	-	-	-
Average order value, SEK	712	690	700	699	706	701	722	705	687	650	659	632
Contribution margin per delivery, SEK	225	191	207	201	196	155	180	170	145	81	124	144
Adjusted EBITDA per delivery, SEK	101	21	127	69	72	-12	89	67	22	-87	1	1

**Quarterly reconciliation tables regarding alternative key performance indicators that are not defined according to IFRS**

SEK millions, unless otherwise indicated	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Operating profit/loss (EBIT)	31.3	-3.8	46.0	18.0	-171.7	-16.5	23.2	19.7	-282.1	-51.3	-14.5	-12.6
Depreciation	11.8	10.6	10.5	10.8	13.8	11.4	10.4	10.1	13.3	11.6	12.8	12.4
<b>EBITDA</b>	<b>43.1</b>	<b>6.8</b>	<b>56.5</b>	<b>28.7</b>	<b>-157.9</b>	<b>-5.1</b>	<b>33.7</b>	<b>29.8</b>	<b>-268.8</b>	<b>-39.7</b>	<b>-1.7</b>	<b>-0.2</b>
<b>Items affecting comparability</b>												
Impairment of goodwill and intangible assets <sup>1)</sup>					182.0				266.9			
Capital gains/losses on disposal of subsidiaries									11.2			
Consolidation of production facilities <sup>2)</sup>							0.3	0.5	0.8	5.0		
Restructuring personnel <sup>3)</sup>				2.8						1.9	2.3	
Strategic review <sup>4)</sup>	3.9	0.7	2.5	0.1								
Costs in respect of unrealised sales of shares in subsidiaries <sup>5)</sup>				0.2	1.0	0.7		0.9				
Legal advice concerning the organization <sup>6)</sup>					0.9	0.2						
Recruitment cost <sup>7)</sup>												0.5
Legal advice regarding financing <sup>8)</sup>						0.4						
<b>Total items affecting comparability</b>	<b>3.9</b>	<b>0.7</b>	<b>2.5</b>	<b>3.0</b>	<b>183.9</b>	<b>1.2</b>	<b>0.3</b>	<b>1.4</b>	<b>279.0</b>	<b>6.9</b>	<b>2.3</b>	<b>0.5</b>
<b>Adjusted EBITDA</b>	<b>47.0</b>	<b>7.5</b>	<b>59.0</b>	<b>31.8</b>	<b>26.0</b>	<b>-3.9</b>	<b>34.0</b>	<b>31.2</b>	<b>10.3</b>	<b>-32.8</b>	<b>0.5</b>	<b>0.3</b>
Adjusted EBITDA	47	7	59	32	26	-4	34	31	10	-33	1	0
Net sales	331	241	324	321	255	225	277	328	322	245	354	404
<b>Adjusted EBITDA margin, %</b>	<b>14%</b>	<b>3%</b>	<b>18%</b>	<b>10%</b>	<b>10%</b>	<b>-2%</b>	<b>12%</b>	<b>10%</b>	<b>3%</b>	<b>-13%</b>	<b>0%</b>	<b>0%</b>
Operating profit/loss (EBIT)	31	-4	46	18	-172	-17	23	20	-282	-51	-15	-13
Net sales	331	241	324	321	255	225	277	328	322	245	354	404
<b>EBIT margin, %</b>	<b>9%</b>	<b>-2%</b>	<b>14%</b>	<b>6%</b>	<b>-67%</b>	<b>-7%</b>	<b>8%</b>	<b>6%</b>	<b>-88%</b>	<b>-21%</b>	<b>-4%</b>	<b>-3%</b>
Adjusted EBITDA	47	7	59	32	26	-4	34	31	10	-33	1	0
<b>Adjusted EBITDA (rolling 12 months)</b>	<b>145</b>	<b>124</b>	<b>113</b>	<b>88</b>	<b>87</b>	<b>72</b>	<b>43</b>	<b>9</b>	<b>-22</b>	<b>-</b>	<b>-</b>	<b>-</b>
Adjusted EBITDA (rolling 12 months)	145	124	113	88	87	72	43	9	-22	-	-	-
Net sales (rolling 12 months)	1 217	1 142	1 125	1 078	1 086	1 153	1 173	1 250	1 326	-	-	-
<b>Adjusted EBITDA margin, % (rolling 12 months)</b>	<b>12%</b>	<b>11%</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>4%</b>	<b>1%</b>	<b>-2%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operating profit/loss (EBIT)	31	-4	46	18	-172	-17	23	20	-282	-51	-15	-13
<b>Operating profit/loss (EBIT) (rolling 12 months)</b>	<b>92</b>	<b>-111</b>	<b>-124</b>	<b>-147</b>	<b>-145</b>	<b>-256</b>	<b>-290</b>	<b>-328</b>	<b>-360</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 1) Derived from the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018.
- 2) Closure of the production facilities in Stockholm and Mölndal, which were replaced by new production facilities in Mölnlycke. The cost is made up of e.g. the cost of laid off staff, the depreciation of packaging and stock that have not been possible to move, as well as rent for the notice period on the previous premises.
- 3) 2018: Cost-saving programme spanning several functional areas in Sweden and the closing down of parts of Customer Service in Norway. 2020: Merger of Norwegian and Swedish functions, which entailed duplicated positions.
- 4) External consulting costs in connection with strategic review, including IPO preparations.
- 5) Costs in association with the planned sale of shares in RetNemt.dk Aps.
- 6) Costs for legal advice and investigation related to organisational review.
- 7) Sign-on bonus for senior executives.
- 8) Costs for legal advice regarding liquidity, including shareholder agreements and supplements to the guarantee.

**Quarterly reconciliation tables regarding alternative key performance indicators that are not defined according to IFRS, cont.**

SEK millions, unless otherwise indicated	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Operating profit/loss (EBIT) (rolling 12 months)	92	-111	-124	-147	-145	-256	-290	-328	-360	-	-	-
Net sales (rolling 12 months)	1,217	1,142	1,125	1,078	1,086	1,153	1,173	1,250	1,326	-	-	-
<b>EBIT margin, % (rolling 12 months)</b>	<b>8%</b>	<b>-10%</b>	<b>-11%</b>	<b>-14%</b>	<b>-13%</b>	<b>-22%</b>	<b>-25%</b>	<b>-26%</b>	<b>-27%</b>	-	-	-
Net sales	331	241	324	321	255	225	277	328	322	245	354	404
Input goods	-151	-114	-154	-155	-122	-114	-138	-168	-166	-140	-195	-219
Fulfilment expenses	-75	-61	-74	-73	-62	-61	-70	-82	-88	-75	-92	-93
<b>Contribution margin</b>	<b>105</b>	<b>67</b>	<b>96</b>	<b>92</b>	<b>71</b>	<b>50</b>	<b>69</b>	<b>79</b>	<b>68</b>	<b>30</b>	<b>67</b>	<b>92</b>
Contribution margin	105	67	96	92	71	50	69	79	68	30	67	92
<b>Contribution margin (rolling 12 months)</b>	<b>359</b>	<b>325</b>	<b>308</b>	<b>282</b>	<b>269</b>	<b>266</b>	<b>247</b>	<b>244</b>	<b>258</b>	<b>189</b>	<b>159</b>	<b>92</b>
Contribution margin (rolling 12 months)	359	325	308	282	269	266	247	244	258	189	159	92
Net sales (rolling 12 months)	1,217	1,142	1,125	1,078	1,086	1,153	1,173	1,250	1,326	-	-	-
<b>Contribution margin, % (rolling 12 months)</b>	<b>30%</b>	<b>29%</b>	<b>27%</b>	<b>26%</b>	<b>25%</b>	<b>23%</b>	<b>21%</b>	<b>20%</b>	<b>19%</b>	-	-	-
Sales and marketing expenses	-34	-39	-18	-39	-24	-32	-15	-28	-24	-38	-42	-63
Sales and marketing expenses, previous year	-24	-32	-15	-28	-24	-38	-42	-63	-38	-37	-22	-41
<b>Percentage change in sales and marketing expenses</b>	<b>43%</b>	<b>23%</b>	<b>22%</b>	<b>38%</b>	<b>-1%</b>	<b>-18%</b>	<b>-64%</b>	<b>-55%</b>	<b>-38%</b>	<b>3%</b>	<b>95%</b>	<b>54%</b>
<b>Costs Goods for resale, Other external expenses and Personnel costs</b>												
Goods for resale	-198	-167	-181	-201	-158	-148	-180	-219	-218	-181	-247	-275
Other external expenses	-44	-29	-44	-45	-31	-41	-22	-36	-43	-52	-56	-77
Personnel costs	-48	-40	-44	-49	-44	-43	-43	-46	-53	-54	-55	-55
<b>Total costs Goods for resale, Other external expenses and Personnel costs</b>	<b>-289</b>	<b>-236</b>	<b>-270</b>	<b>-294</b>	<b>-233</b>	<b>-232</b>	<b>-245</b>	<b>-301</b>	<b>-315</b>	<b>-287</b>	<b>-359</b>	<b>-406</b>
of which:												
Input goods	-151	-114	-154	-155	-122	-114	-138	-168	-166	-140	-195	-219
Fulfilment expenses	-75	-61	-74	-73	-62	-61	-70	-82	-88	-75	-92	-93
Sales and marketing expenses	-34	-39	-18	-39	-24	-32	-15	-28	-24	-38	-42	-63
Central functions Administration, HR, Customer Service and IT	-29	-23	-23	-27	-25	-25	-22	-24	-37	-33	-29	-32
<b>Total costs Goods for resale, Other external expenses and Personnel costs</b>	<b>-289</b>	<b>-236</b>	<b>-270</b>	<b>-294</b>	<b>-233</b>	<b>-232</b>	<b>-245</b>	<b>-301</b>	<b>-315</b>	<b>-287</b>	<b>-359</b>	<b>-406</b>

## Definitions of alternative key performance indicators that are not defined according to IFRS

Key performance indicators	Definition/calculation	Purpose
Capex	Acquisition of tangible assets and acquisition of intangible assets.	The aim is to show how much has been invested during the year.
Capex ratio, %	Capex in relation to Net sales	Shows the proportion of net sales made up of Capex.
EBITDA	Operating profit/loss (EBIT) before amortisations of tangible and intangible assets	Shows the earning capacity of the operating activities, excluding depreciation, as well as the financing and tax situation
EBITDA margin, %	EBITDA in relation to Net sales	Shows the earning capacity of the operating activities, excluding depreciation, as well as the financing and tax situation in relation to net sales
Fulfilment expenses	Fulfilment expenses consist of packaging costs, including costs for production facility management, direct personnel costs, consumables and other direct production costs, as well as costs for getting the product to the customer, including logistics costs, direct personnel costs for the administration of logistics, route planning, etc.	Intended to provide a more in-depth understanding of the company's costs for providing the service, and used in the calculation of Contribution margin.
Items affecting comparability	Income and expense items that are specified separately as a result of their nature and amount. All items that are included are large and significant during certain periods and smaller or non-existent during other periods.	Items affecting comparability are used by Group management to explain differences in historical performance. A separate specification of Items affecting comparability will make it possible for the readers of the financial statements to understand and evaluate the adjustments that have been made by the Group management when presenting Adjusted EBITDA.
Adjusted EBITDA	EBITDA adjusted for Items affecting comparability	This measure shows the earning capacity of the operating activities (excluding amortisations), without any impact from significant cost or income items that affect the potential to draw comparisons over time, as described under "Items affecting comparability" above.
Adjusted EBITDA margin, %	Adjusted EBITDA in relation to Net sales	This measure shows the earning capacity of the operating activities (excluding amortisations), without any impact from significant cost or income items that affect the potential to draw comparisons over time, as described under "Items affecting comparability" above, in relation to Net sales.

Adjusted EBIT	EBIT adjusted for "Items affecting comparability"	This measure shows the earning capacity of the operating activities (the business), without any impact from significant cost or income items that affect the potential to draw comparisons over time, as described under "Items affecting comparability" above.
Adjusted EBIT margin, %	Adjusted EBIT in relation to Net sales	This measure shows the earning capacity of the operating activities (the business), without any impact from significant cost or income items that affect the potential to draw comparisons over time, as described under "Items affecting comparability" above, in relation to Net sales.
EBIT margin, %	Operating profit/loss (EBIT) in relation to Net sales	The measure shows profitability independently of capital structure and tax situation.
Operating profit/loss (EBIT)	Profit/loss before tax and net financial items	Intended to demonstrate the earning capacity of the business, regardless of the capital structure and tax situation.
Input goods	The cost of input goods includes food, packaging, menu booklets and other products that the Group sells.	Intended to provide a more in-depth understanding of the company's cost components, and used in the calculation of Contribution margin.
Contribution margin	Net sales less Input goods and fulfilment expenses.	Shows the profitability after input goods and fulfilment expenses.
Contribution margin, %	Contribution margin in relation to Net sales.	Intended to give a picture of Contribution margin over time.
Interest-bearing liabilities (excl. leasing liabilities)	Total of Bond loans, accrued PIK interest, acquisition liabilities and overdraft facility	Shows Group's total interest-bearing liabilities (excl. leasing liabilities)
Net interest-bearing liabilities (excl. leasing liabilities)	Interest-bearing liabilities (excl. leasing liabilities) less cash and cash equivalents	Shows Group's total interest-bearing liabilities (excl. leasing liabilities) adjusted for cash and cash equivalents
Working capital	Total of Inventories, Accounts receivable, Pre-paid expenses and accrued income and other receivables, less Accounts payable and Accrued expenses and prepaid income.	This measure shows how much working capital is tied up in the Group's operations, and can be measured in relation to net sales in order to understand how effectively the tied up working capital is used.
Working capital in relation to net sales, %	Working capital in relation to net sales.	This key performance indicator shows how much working capital is used in relation to net sales, in order to provide an understanding of how effectively the tied up working capital is used.

Sales and marketing expenses	Cost of sales and marketing activities, including personnel costs, costs for mass media (e.g. TV and radio), online marketing and direct sales costs.	Intended to provide an understanding of the cost of retaining existing customers and attracting new customers.
Sales and marketing expenses in relation to net sales, %	Sales and marketing expenses in relation to Net sales.	Intended to provide comparability between periods for the cost of retaining existing customers and attracting new customers.
Change in sales and marketing expenses, %	<p>Sales and marketing expenses in the current period less sales and marketing expenses in the previous period, in relation to Sales and marketing expenses in the previous period.</p> <p>For quarterly changes: Sales and marketing expenses in the current quarter less sales and marketing expenses in the corresponding quarter in the previous period, in relation to Sales and marketing expenses in the corresponding quarter in the previous period.</p>	Intended to provide an understanding of how Sales and marketing expenses have changed over time.
Equity/assets ratio, %	Total equity (including non-controlling interests) in relation to Total assets.	Equity/assets ratio is often used in the assessment of a company's financial stability and long-term solvency.
Net sales growth, %	Net sales in the current period less net sales in the previous period, in relation to net sales in the current period.	Shows how Net sales have changed compared to the previous period.
Net sales (adjusted for the previous year's exchange rate)	Net sales for the Group, where subsidiaries with a different functional currency than the parent company's reporting currency, SEK, are translated. This translation is carried out by means of the subsidiaries' net sales in the functional currency for the current year being translated to the parent company's reporting currency, SEK, at the previous year's exchange rate. The companies in the Group that have SEK as their functional currency are not translated.	Used in the calculation of "Net sales growth (adjusted for exchange rate differences)". Intended to provide a comparable figure with the same currency impact as the comparison period.
Exchange rate change	Exchange rate change is calculated as Net sales for the current year less Net sales (adjusted for the previous year's exchange rate)	Demonstrates the effect of the exchange rate change.
Net sales growth (adjusted for exchange rate differences)	Net sales (adjusted for the previous year's exchange rate) for the current year less the previous year's net sales	Shows the company's growth, excluding the impact of exchange rate fluctuations.
Net sales growth (adjusted for exchange rate differences), %	Net sales growth (adjusted for exchange rate differences) divided by the previous year's net sales.	Shows the company's growth, excluding the impact of exchange rate fluctuations, as a percentage.

## Definitions of operating key performance indicators

Key performance indicators	Definition/calculation	Purpose
Number of active customers as per the closing date	Number of unique customers who have received at least one delivery in the past 3 months	Intended to provide a better understanding of income generation
Number of deliveries	Number of completed deliveries during the period	Intended to provide a better understanding of income and cost generation
One-time customers	Number of unique customers who have only received one delivery during the period	Intended to provide a better understanding of income generation
Share of repeated deliveries	Number of deliveries less deliveries from one-time customers (i.e. those who have only received one delivery) in relation to the Number of deliveries	Intended to provide a better understanding of income generation
Average order value, SEK	Average net sales per delivery	Shows how much each delivery, on average, contributes to net sales
Growth in average order value (adjusted for exchange rate differences), %	The increase in "Average order value (adjusted for exchange rate differences), SEK" in relation to the previous period's "Average order value (adjusted for exchange rate differences), SEK"	Shows the growth in the average order value, adjusted for foreign exchange effects
Average contribution margin per delivery, SEK	Average Contribution margin per delivery	Shows how much each delivery, on average, contributes to Contribution margin
Average adjusted EBITDA per delivery, SEK	Average adjusted EBITDA per delivery	Shows how much each delivery, on average, contributes to Adjusted EBITDA
Average number of employees	Average number of employees during the financial year, calculated in terms of the number of full-time positions.	Shows the number of full-time employees engaged with the company
Average order value (adjusted for exchange rate differences), SEK	Net sales for the period per delivery, with a revalued exchange rate for subsidiaries in another currency at the previous year's exchange rate	Included in the calculation to show the company's growth per delivery, excluding exchange rate fluctuations



# Operational and financial overview

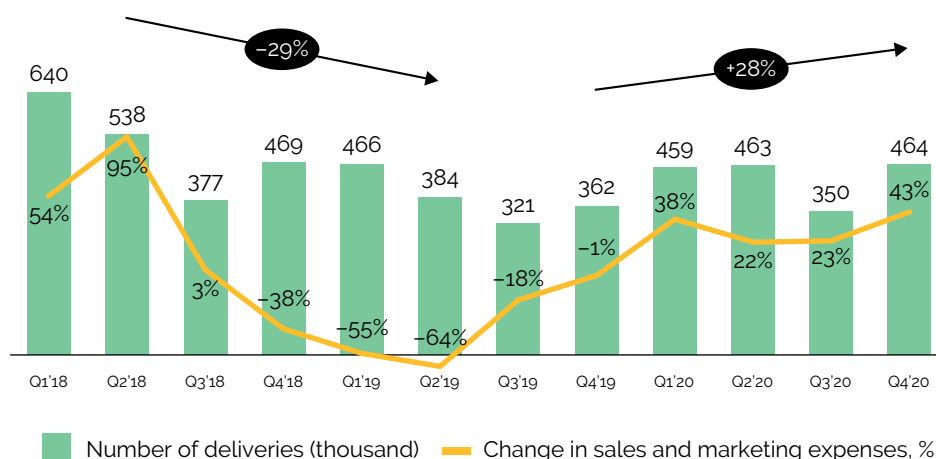
This section should be read together with the information in the sections "Selected financial information", "Capitalisation, indebtedness and other financial information" and the Group's audited consolidated financial statements as per and for the financial years ending on 31 December 2020, 2019 and 2018, which have been prepared in accordance with IFRS, as adopted by the EU, and which have been audited by the Group's independent auditors as specified in their audit report, which is included.

Unless otherwise stated, the consolidated financial information regarding the company in the Prospectus has not been audited or reviewed by the Group's auditor. All such unaudited information or information that has not been reviewed has been taken from the Group's internal accounting and reporting systems.

This operational and financial overview is intended to make it easier to understand and evaluate trends and fluctuations in the Group's financial performance. The historical results that have been included in this operational and financial overview do not constitute an indication of the Group's future financial performance.

This section contains forward-looking information. Such forward-looking information is based on assumptions and is subject to risks, uncertainties and other factors, including those specified in the section "Risk factors". These factors could result in the Group's financial performance deviating significantly from the financial performance indicated, both explicitly and implied, in such forward-looking information. See the section "Important information – Forward-looking information" for further information about the forward-looking information.

## PERCENTAGE CHANGE IN SALES AND MARKETING EXPENSES AND DEVELOPMENT OF NUMBER OF DELIVERIES PER QUARTER<sup>1)</sup>



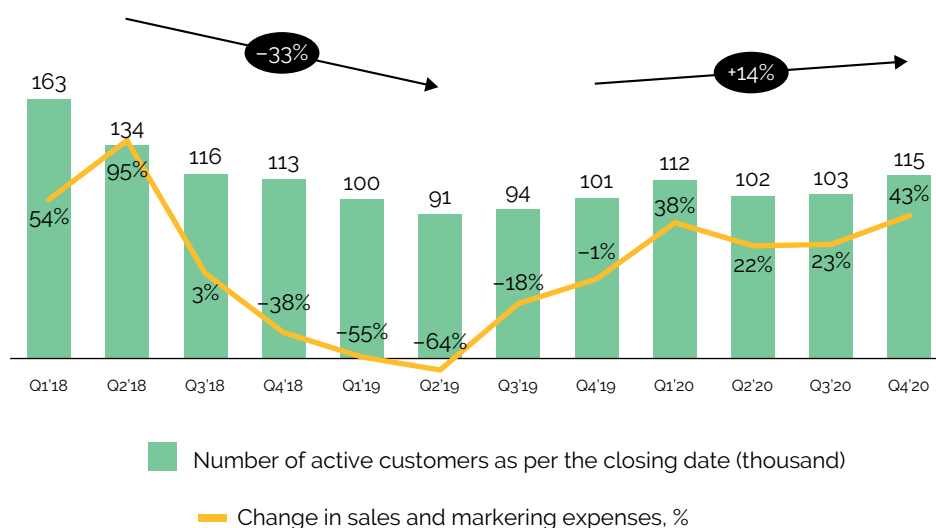
1) Change in sales and marketing expenses (%) is based on unaudited information derived from the Group's internal accounting and reporting systems, and the number of deliveries (thousand) is based on information from the Group's management support system.

The number of deliveries dropped by 29 per cent in the second quarter of 2019 compared to the second quarter of 2018. This should be viewed in relation to the fact that sales and marketing expenses decreased by 64 per cent over the same period. After going through a major period of transformation, growth in the Group has once again picked up speed. The negative trend regarding the number of deliveries turned during the fourth quarter of 2019, and by the end of the fourth quarter of 2020, the number of deliveries had increased by 28 per cent.

During the period from the third quarter of 2018 to the third quarter of 2019, the Group underwent a period of operational transformation during which sales and marketing expenses decreased, with a reduced number of meal kit deliveries as a consequence. Insufficient results from the sales and marketing activities, combined with a weaker development of the operating key performance

indicators, forced the Group to consolidate its activities in order to improve the underlying business and thereby drive growth and good profitability. The transformation period was completed during the third quarter of 2019 and left the Group with increased profitability driven by the operational consolidation. However, it also resulted in a lower level of sales, as fewer resources had been allocated to sales and marketing activities. Since the third quarter of 2019, the Group's sales and marketing expenses have been normalised, which, together with the Group's improved offering, have helped the Group to report growth once again. The outbreak of Covid-19 and the associated restrictions hit with full force during the latter part of the first quarter of 2020. The Group has experienced strong growth since then, with one possible explanation being that more consumers have been staying at home and are therefore more likely to use the Group's services.

### PERCENTAGE CHANGE IN SALES AND MARKETING EXPENSES, AND DEVELOPMENT OF THE NUMBER OF ACTIVE CUSTOMERS PER QUARTER<sup>1)</sup>

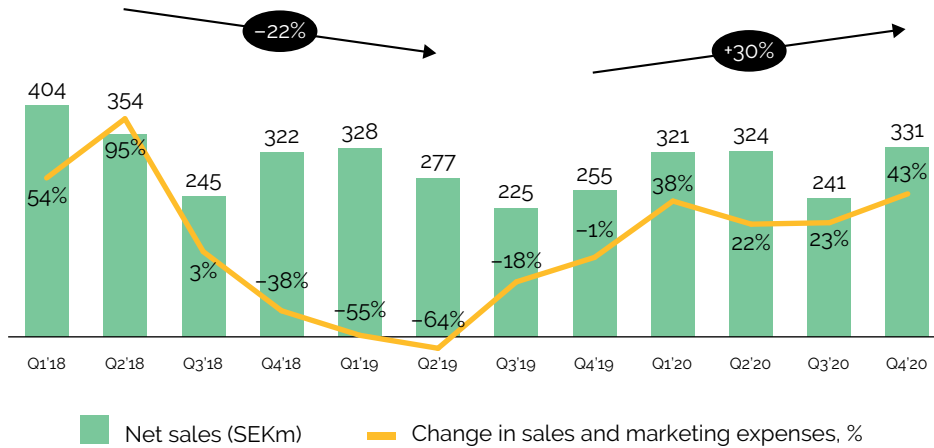


1) Change in sales and marketing expenses (%) is based on unaudited information derived from the Group's internal accounting and reporting systems, and the number of active customers as per the closing date (thousand) is based on information from the Group's management support system.

The number of active customers dropped by 33 per cent in the second quarter of 2019 compared to the second quarter of 2018. This should be viewed in relation to the fact that sales and marketing expenses decreased by 64 per cent over the same period (as previously mentioned). After going through a period of transformation, the Group's growth and profitability have picked up speed since the second quarter of 2019. It is

difficult to determine how much of this growth is attributable to the transformation and the ongoing pandemic respectively, but the Group's growth has nevertheless been strong in 2020. The number of active customers increased by 14 per cent during the fourth quarter of 2020 compared to the same period in the previous year.

## PERCENTAGE CHANGE IN SALES AND MARKETING EXPENSES, AS WELL AS DEVELOPMENT OF NET SALES PER QUARTER<sup>1)</sup>

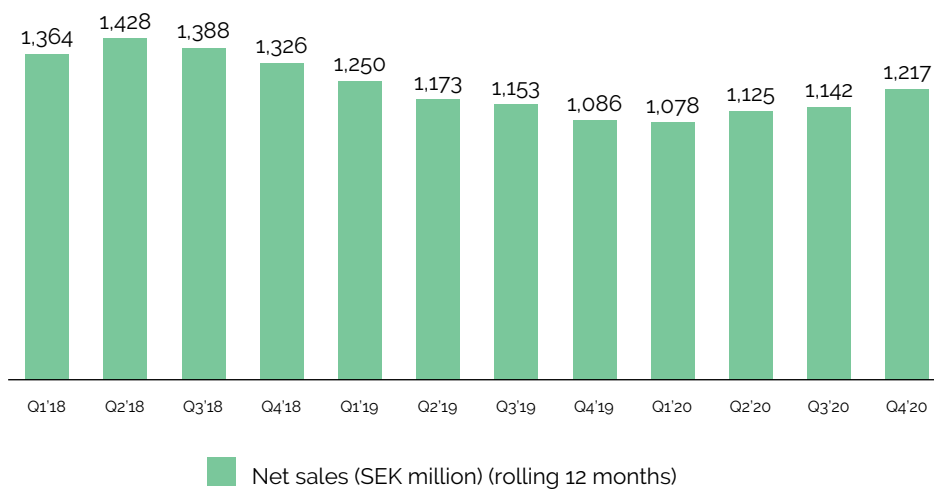


1) Based on unaudited information derived from the Group's internal accounting and reporting systems.

The Group's net sales decreased by 22 per cent during the second quarter of 2019 compared to the second quarter of 2018, which also has to be viewed in relation to the change in sales and marketing expenses over the same period. The Group's net sales increased by 30 per cent during the fourth quarter of 2020 compared to the same period in the previous year.

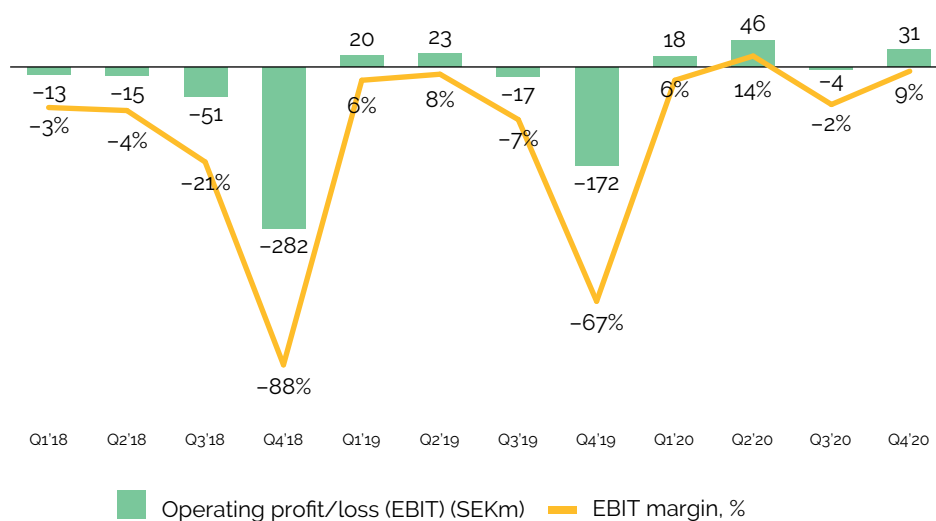
The Group's operations are affected by seasonal variations, such as holidays, during which customers request a reduced number of deliveries. The figure below shows the development of net sales on a rolling twelve month basis, which gives a better idea of how the Group has developed, regardless of seasonal variations.

## NET SALES PER QUARTER, ROLLING 12 MONTHS<sup>1)</sup>



1) Based on unaudited information derived from the Group's internal accounting and reporting systems.

### DEVELOPMENT IN OPERATING PROFIT/LOSS (EBIT) AND EBIT MARGIN PER QUARTER<sup>1)</sup>



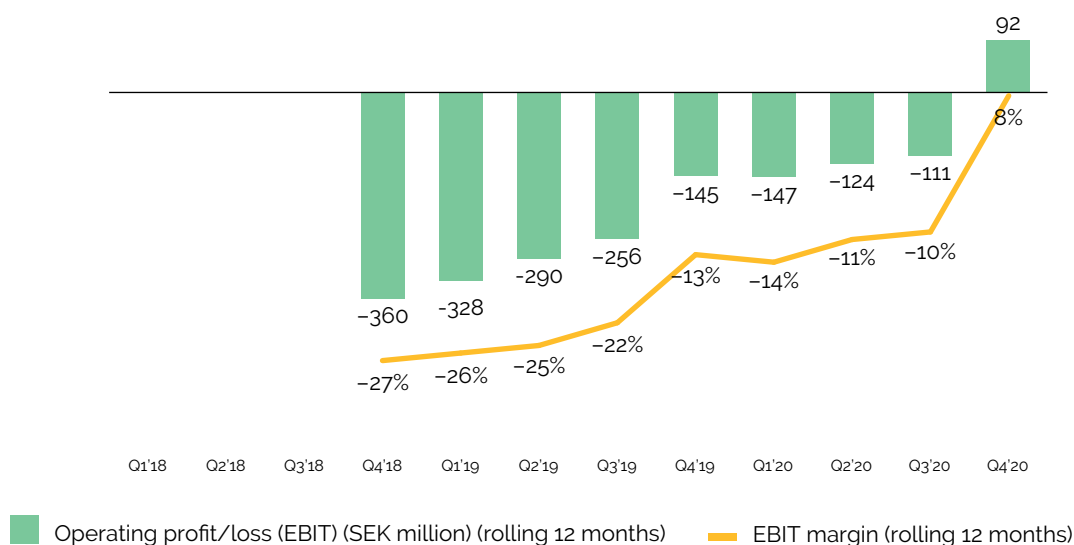
1) Based on unaudited information derived from the Group's internal accounting and reporting systems.

The Operating profit/loss (EBIT) increased by SEK 203 million during the fourth quarter of 2020 compared to the fourth quarter of 2019. The EBIT margin increased by 77 percentage points, from -67 per cent to 9 per cent over the same period. The development of Operating profit/loss (EBIT) was negatively impacted by impairment of good-

will and intangible assets, which in 2018 and 2019 amounted to SEK 266.9 million and SEK 182.0 million respectively.

The figure below shows the development on a rolling twelve month basis, and illustrates how the company has developed, adjusted for seasonal variations.

### DEVELOPMENT IN OPERATING PROFIT/LOSS (EBIT) AND EBIT MARGIN PER QUARTER, ROLLING TWELVE MONTHS<sup>1)</sup>

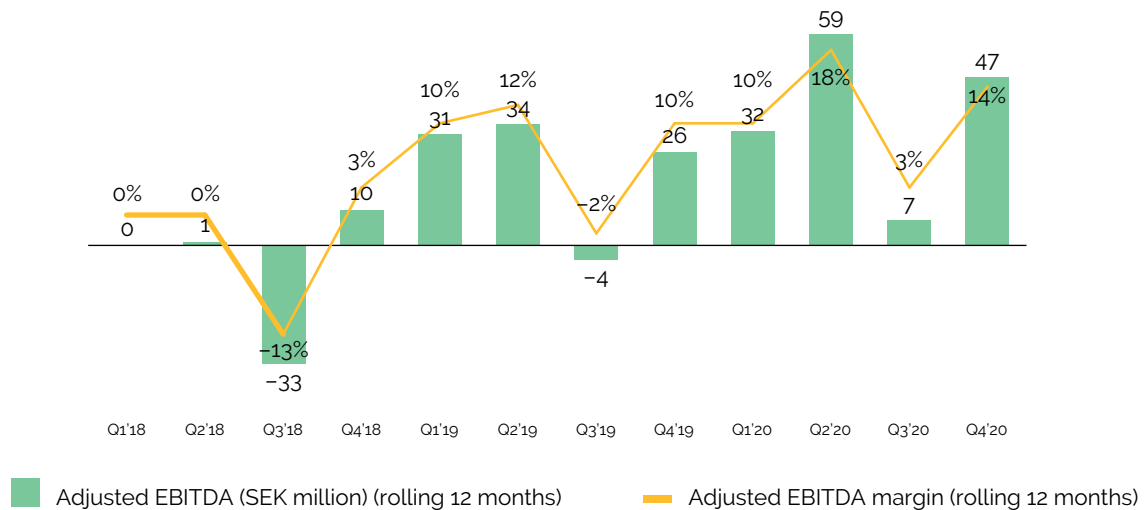


1) Based on unaudited information derived from the Group's internal accounting and reporting systems.

Improvements in the Group's profitability has continued for more than 2 years, resulting from the consolidation of activities that the Group carried out during the operational transformation period between the third quarter of 2018 and the third quarter of 2019. The development of Operating profit/loss (EBIT) has been negatively impacted by the impairment of goodwill and intangible assets. The Group reported no impairment losses in 2020, which has resulted in EBIT improving significantly over a rolling twelve month period.

Operating profit/loss (EBIT), rolling twelve months, and EBIT margin, rolling twelve months, are not presented for the first three quarters of 2018, due to lack of comparable financial information for 2017 for calculating key performance indicators.

### DEVELOPMENT OF ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN PER QUARTER<sup>1)</sup>

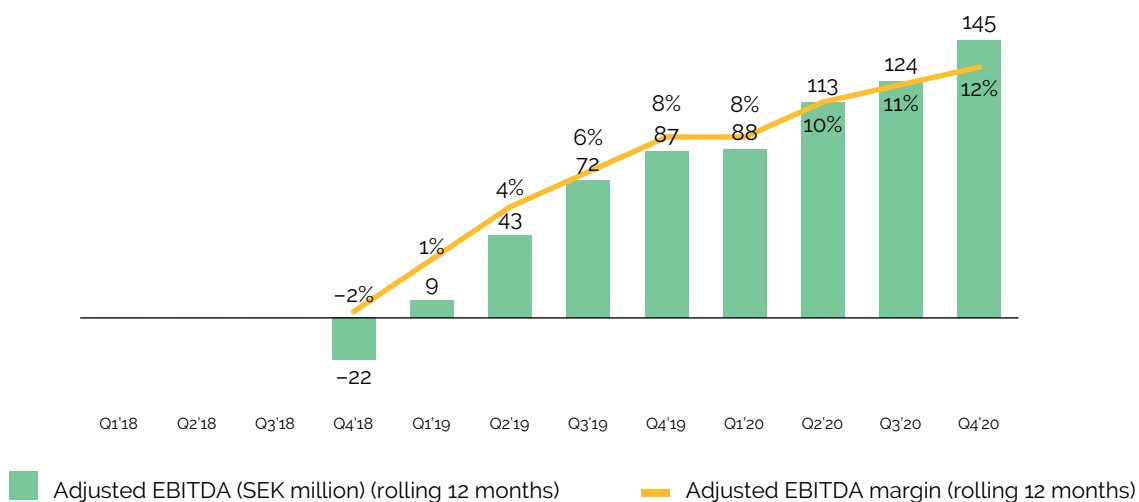


1) Based on unaudited information derived from the Group's internal accounting and reporting systems.

Adjusted EBITDA increased by SEK 21 million during the fourth quarter of 2020 compared to the fourth quarter of 2019, and the Adjusted EBITDA margin increased by 4 percentage points from 10 per cent to 14 per cent over the same period.

The graph below shows the development of the Group's Adjusted EBITDA and Adjusted EBITDA margin over a rolling twelve month period, and illustrates how the Group has evolved over time. Adjusted EBITDA increased by SEK 58 million, which is equivalent to an increase of 66 per cent in 2020 as a whole compared to 2019 as a whole.

**DEVELOPMENT OF ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN BY QUARTER, ROLLING TWELVE MONTHS<sup>1)</sup>**

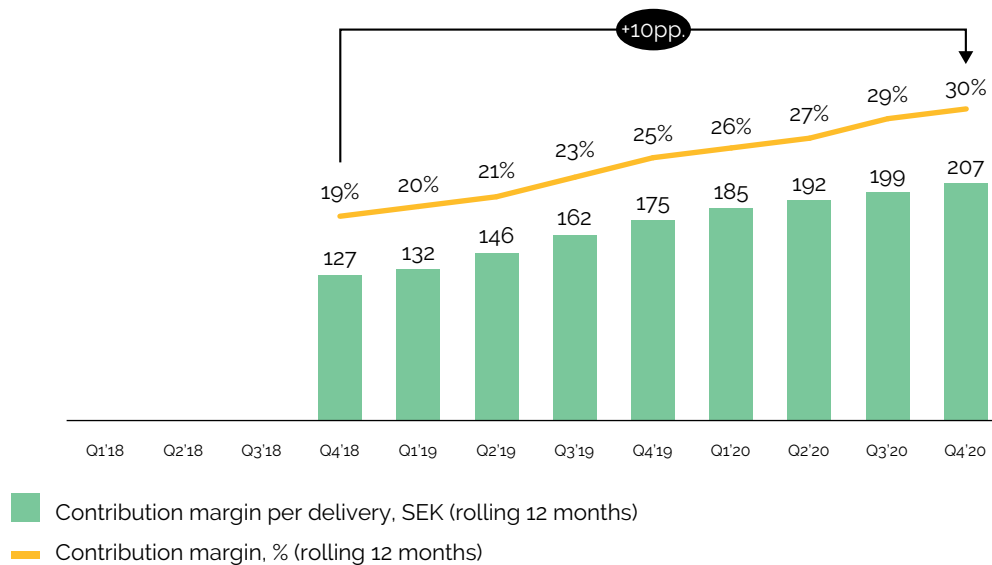


1) Based on unaudited information derived from the Group's internal accounting and reporting systems.

Adjusted EBITDA, rolling twelve months, and Adjusted EBITDA margin, rolling twelve months, are not presented for the first three quarters of 2018, due to the lack of comparable financial information for 2017 for calculating key performance indicators.



## CONTRIBUTION MARGIN PER QUARTER, ROLLING TWELVE MONTHS, % AND PER DELIVERY<sup>1)</sup>

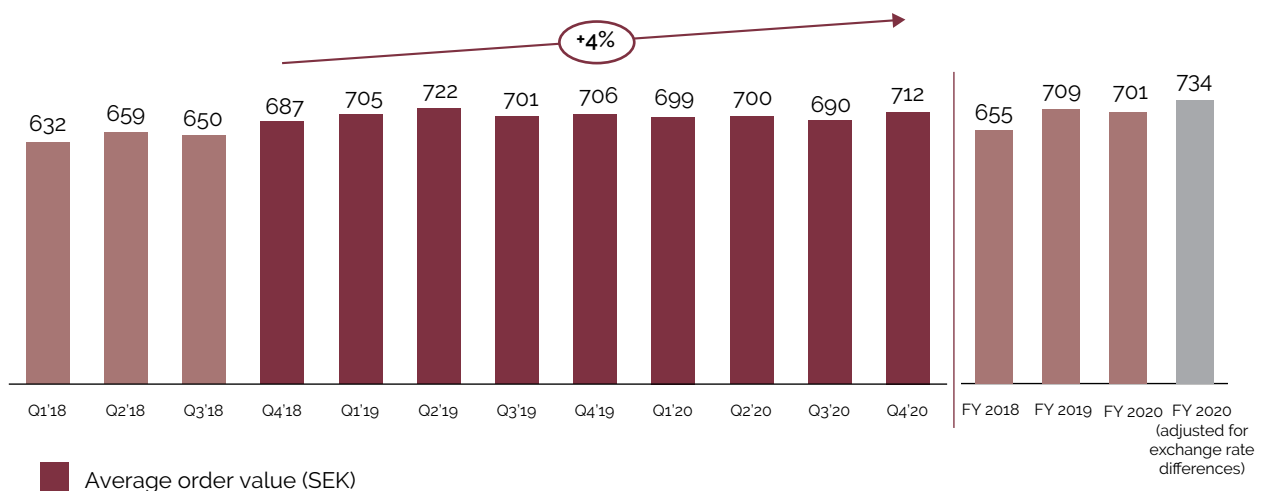


1) Contribution margin per delivery is based on unaudited information derived from the Group's internal accounting and reporting systems as well as from the Group's management support system. Contribution margin, %, is based on unaudited information derived from the Group's internal accounting and reporting systems.

Contribution margin per delivery (rolling twelve months) increased by SEK 31 during the fourth quarter of 2020 compared to the fourth quarter of 2018, due to an increase of 5 percentage points in Contribution margin (rolling twelve months), %.

Contribution margin per delivery, rolling twelve months, and Contribution margin, %, rolling twelve months, are not presented for the first three quarters of 2018, due to the lack of comparable financial information for 2017 for calculating these key performance indicators.

## AVERAGE ORDER VALUE PER QUARTER<sup>1)</sup>

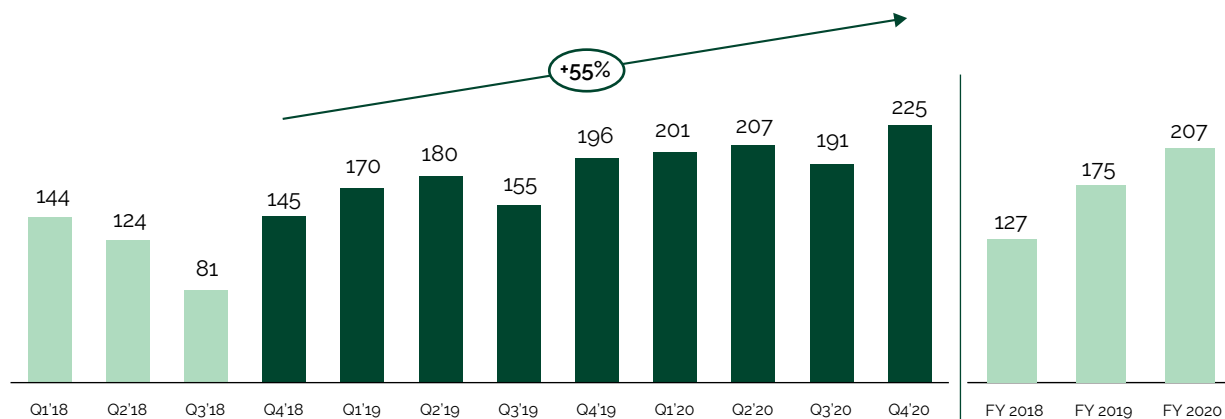


1) Based on unaudited information derived from the Group's management support system.

The Group's underlying unit economics have improved significantly during the transformation period.

The average order value in SEK increased by 4 per cent during the fourth quarter of 2020 compared to the fourth quarter of 2018. The average order value was reduced as a result of a weakening of the Norwegian krona compared to the Swedish krona in 2020. However, adjusted for exchange rate differences, the average order value did increase in 2020.

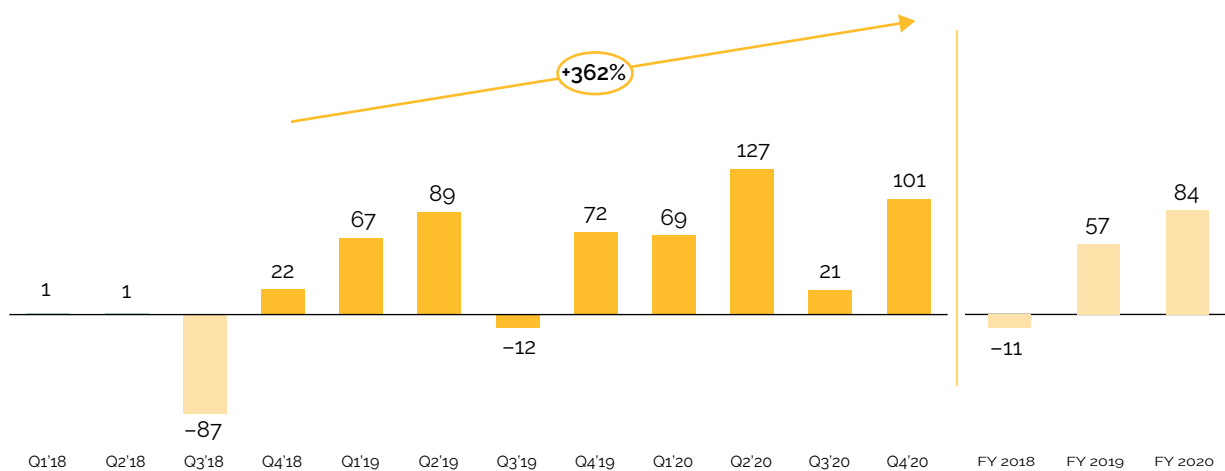
### CONTRIBUTION MARGIN PER DELIVERY PER QUARTER<sup>1)</sup>



1) Based on unaudited information derived from the Group's internal accounting and reporting systems as well as from the Group's management support system.

The average Contribution margin, which is shown in SEK per delivery, increased by 55 per cent during the fourth quarter of 2020 compared to the fourth quarter of 2018.

### ADJUSTED EBITDA PER DELIVERY PER QUARTER<sup>1)</sup>



Adjusted EBITDA per delivery (SEK)

1) Based on unaudited information derived from the Group's internal accounting and reporting systems as well as from the Group's management support system.

The average adjusted EBITDA, which is shown in SEK per delivery, increased by 362 per cent during the fourth quarter of 2020 compared to the fourth quarter of 2018.



## FACTORS THAT IMPACT OPERATING PROFIT/LOSS (EBIT)

The financial performance of LMK Group has been affected historically, and will probably be affected in future as well, by a number of factors, some of which are outside the Group's control. This section includes some of the key factors that LMK Group considers have affected the Group's Operating profit/loss (EBIT) and financial performance during the period that is covered by the historical financial information in the Prospectus, as well as factors that may continue to do so in the future. Listed below are the factors that LMK Group considers have the greatest impact on the Group's Operating profit/loss (EBIT).

- ◆ Food costs
- ◆ Retaining customers
- ◆ Customers' use of the service
- ◆ Costs for acquiring customers and marketing expenses
- ◆ The efficiency of the operation and the technical platform
- ◆ Fluctuations in the exchange rate
- ◆ Impairment of goodwill and intangible assets

## FOOD COSTS

A large proportion of the Group's costs are attributable to the cost of food for the content of the meal kits. The cost of food is influenced by a range of factors, including the menu composition, the purchasing cost for ingredients and forecasting of food purchases. The Group focuses heavily on reducing food waste by optimising purchases of ingredients and thereby reducing the amount of food that is purchased and, thus, potential food waste.

## RETAINING CUSTOMERS

As the Group provides a flexible subscription service with no commitment period, retaining customers is a key factor for the Group. If the customer's willingness to purchase the Group's products reduces, there is a risk of this having a negative impact on the Group's sales and thereby on its profits and financial position.

The customer base currently comprises both customers who have accompanied the Group for a number of years, as well as customers who have joined more recently. There are a number of factors that influence whether a customer will remain a customer, including customer satisfaction as regards the menu composition, the quality of the raw materials, the quality of the shipping and other matters that affect how the customer experiences the product. The Group uses menu-rating to determine how the customer experienced the service. The Group's availability to answer ques-

tions and the customer's experience of the website also have a significant impact. The Group attaches considerable value to dealing with any complaints, both to ensure that the customer will feel satisfied and continue to use the service, and to prevent the same problem from recurring. It is also important for the Group's brands to be strong and for the customer to feel confident and loyal to these brands.

## *Customers' use of the service*

When customers have a subscription service where they are free to pause or skip a delivery, this contributes to the number of deliveries that the Group's customers order. The customer's choice of product, in terms of the number of days or number of people the menu is aimed at, also has a significant impact on the order value that the delivery contributes. Various peripheral services, in the form of add-on services or products that the customer can choose to add to their service, also contribute to a higher order value. The Group's income over a certain period is consequently a result of the customer's purchasing frequency and the choice of products with add-ons.

## *Costs for acquiring customers and marketing expenses*

Sales and marketing are key when it comes to LMK Group's ability to attract new customers and to increasing awareness about LMK Group's brands. LMK Group has historically invested significant sums in sales and marketing activities in order to facilitate and support growth. As a proportion of net sales, sales and marketing expenses amounted to 12.6 per cent in 2018, 9.1 per cent in 2019 and 10.7 per cent in 2020. LMK Group has had, and will continue to have, significant costs associated with sales and marketing activities in a number of different channels. These are required to convert new customers, increase sales, as well as maintain and improve brand recall.

LMK Group also invests in digital conversion campaigns in various channels. The purpose of these campaigns is to increase awareness of LMK Group's brands, to offer the target group the potential to try out the service at a discounted price for a limited number of deliveries, and thereby to increase the likelihood of the customer placing repeat orders and remaining an active customer. The digital sales and marketing that will attract new customers are data-driven, and are based in part on cost-benefit analyses in order to find the most efficient channels.

LMK Group's customer acquisition cost varies over time and between brands. A negative trend for the

customer acquisition cost can affect the Group's ability to expand its active customer base and net sales in line with the Group's financial goals, as well as impairing the profitability measures. The anticipated accumulated profit is due in part to the Group's unit economics, which have been improving over the last three financial years, as well as to customer retention.

*Recovery of customer acquisition cost*

The Group makes strategic decisions on how to allocate the sales and marketing budget, and selects the most effective sales and marketing channels in order to increase the number of active customers and net sales with the aid of a cost-benefit analysis, in which the cost of acquiring a group of customers (customer acquisition cost) and the cumulative margin<sup>1)</sup> are key parameters. The anticipated time it takes for the cumulative margin to reach the customer acquisition cost, known as CAC payback, constitutes strategically important decision-making data when it comes to prioritising sales and marketing activities.

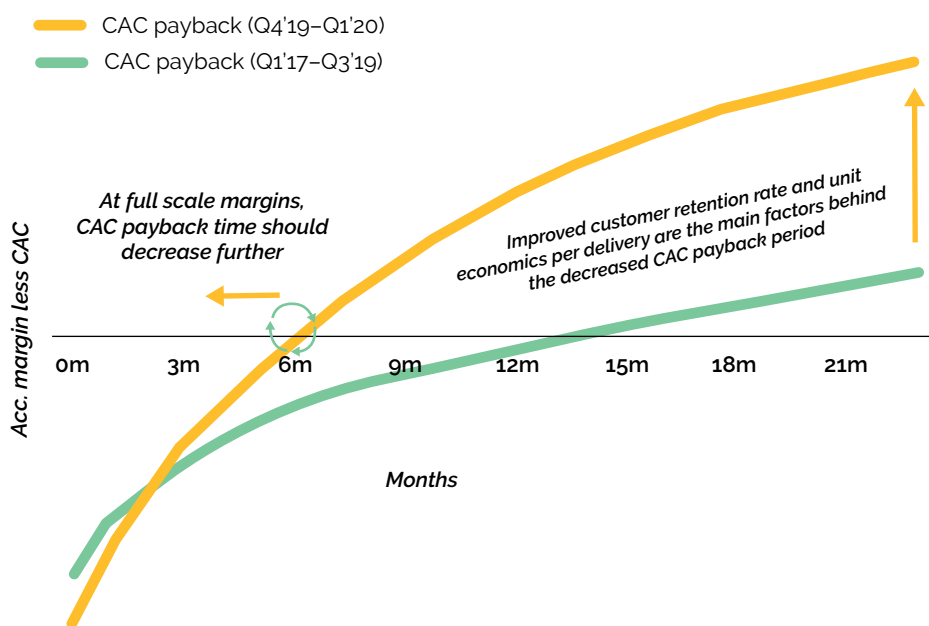
The Group calculates CAC payback at irregular intervals in order to measure the profitability of new customers over a certain period of time (cohort). CAC payback illustrates the expected number of months required for a given cohort to provide the Group with an expected accumulated margin that corresponds with the estimated sales and marketing expenses for acquiring that specific cohort, at which point the customer acquisition becomes a

net financial gain for the Group. The calculation is based on assumptions about e.g. customer retention, order value and order frequency.

CAC payback calculates the expected cumulative margin<sup>1)</sup> over time per customer for a customer cohort, less the customer acquisition cost (CAC) for the cohort. When this is illustrated in the graph below, CAC payback is shown where the cumulative margin intersects with the x-axis.

The most recent calculations are shown in the graphs below and refer to new customers during the periods Q1 2017–Q3 2019 and Q4 2019–Q1 2020. These periods were chosen to show what the figures looked like before the pandemic hit. The calculations only include the brands Linas Matkasse, Adams Matkasse and Godtlever. Although the financial information in the calculation of the operating key performance indicator CAC payback is not based on information taken from the Group's internal accounting and reporting systems and does not include information for all of the Group's brands, the Group considers that this key performance indicator provides a good illustration of an underlying trend in the business.

New customers demonstrate an average expected CAC payback for the Group of approximately 6 months during the period covering fourth quarter of 2019 and the first quarter of 2020. This is approximately half that of the group of customers who were new during the period from the first quarter of 2017 to the third quarter of 2019.



1) The margin in question is related to "Average Contribution margin per delivery, SEK", but it should be noted that it is not based on information derived from the Group's internal accounting and reporting systems and does not include information for all the Group's brands. However, the company considers that the margin provides a good illustration of an underlying trend in the business.

**Fluctuations in the exchange rate**

LMK Group's consolidated financial statements are prepared in SEK, but the Group also conducts operations in Norway and Denmark, where its income and expenses are normally reported in the respective countries' local currencies. This exposes LMK Group's performance and financial position to exchange rate risks. This currency exposure mainly encompasses translation exposure. Depending on how NOK and DKK develop in relation to SEK, this may have a positive or a negative impact on the Group's earnings. The table below shows the recalculation effects of a 10% weakening of NOK or DKK against SEK, assuming that other parameters remain the same, for the 2020 financial year.

Effect (SEK thousand) of a weakening of currencies, with all else remaining the same	DKK (-10%)	NOK (-10%)
Net sales	-16,048	-57,433
Total assets	-2,407	-20,932
Total liabilities	-860	-6,548

**The efficiency of the operation and the technical platform**

A large proportion of the Group's costs relate to costs incurred in producing the meal kits and delivering them to the customer. Production is performed in its own production facilities by both agency staff and in-house personnel in a semi-automated packaging process, where efficiency is an important factor when it comes to the cost of supplying the product. Access to efficient distribution of the goods is a key cost item for the Group. The Group relies on third parties for the delivery of its meal kits, and is dependent on the availability of distributors and on the distributors delivering the meal kits in a correct manner and at the right time.

As LMK Group grows, the use of the digital platform that the Group has built up is also increasing. As a result, more data can be extracted and analysed based on the activity on the platform, which in the following stage can be used to automate several different processes through machine learning – for example, through advanced production forecasts and production optimisation algorithms.

**Impairment of goodwill and intangible assets**

During 2018 and 2019, the Group's operating profit/loss (EBIT) has been significantly affected by the impairment of goodwill in respect of the Norwegian and Swedish operations. The impairment losses amounted to SEK 266.9 million in 2018 and SEK 182.0 million in 2019. The value of

reported goodwill is tested at least once a year in respect of any need for impairment. The Group is not reporting any impairment of goodwill and intangible assets in 2020.

**DESCRIPTION OF SIGNIFICANT KEY ITEMS IN THE INCOME STATEMENT****Net sales**

Net sales consist of revenues from agreements with customers and miscellaneous add-ons and food products, taking into account discounts and credit that the Group has provided to customers in connection with customer complaints.

**Other operating income**

Other operating income consists of miscellaneous fees.

**Goods for resale**

Costs associated with goods for resale arise mainly as a consequence of the purchase of food products included in the meal kits, but also packaging materials and other input goods.

**Other external expenses**

Other external expenses consist of operating expenses other than personnel costs, for example sales and marketing expenses and costs for consultants.

**Personnel costs**

Personnel costs include salaries, pension costs and social security contributions for LMK Group's employees, as well as other remuneration.

**Depreciation**

Depreciation of tangible assets refers primarily to office furnishings and right-of-use assets (IFRS 16). Depreciation of intangible assets refers primarily to capitalised development costs and customer base values in connection with historical acquisitions.

**Impairment of goodwill and intangible assets**

The Group's reported assets are assessed at each balance sheet date to determine whether there is any indication of an impairment requirement. In addition, for goodwill and other intangible assets with an indeterminable useful life and intangible assets that are not yet ready for use, the recoverable amount is calculated annually.

**Other operating expenses**

Other operating expenses refer to exchange losses on receivables/liabilities of an operating nature.

**Operating profit/loss (EBIT)**

Operating profit/loss (EBIT) is the Group's net sales and other operating income less goods for resale, other external expenses, personnel costs, depreciation, impairment of goodwill and intangible assets, capital gains/losses on disposal of subsidiaries and other operating expenses.

**Net financial items**

Net financial items mainly comprise interest expenses related to the bond loan and lease liabilities, as well as other financial expenses.

**Profit/loss before tax**

Profit/loss before tax is the Group's operating profit/loss (EBIT) less net financial items.

**Tax**

Tax is made up of the current tax expense and deferred tax expense for the period. Current tax is income tax that is to be paid or received for the current year, with the application of tax rates that have been determined or are expected to have been determined as of the balance sheet date. Current tax also includes tax adjustments attributable to previous periods. Deferred tax is reported through the application of the balance sheet method, and is calculated on the basis of temporary differences between the reported values and taxable values of assets and liabilities. The valuation of deferred tax is based on how underlying assets and liabilities are expected to be realised or settled.

**Profit/loss for the period**

Profit/loss for the period is the Group's net profit/loss after the deduction of tax.

## Comments on financial development

### COMPARISON BETWEEN THE PERIOD JANUARY–DECEMBER 2020 AND JANUARY–DECEMBER 2019

**Net sales**

The Group's net sales increased by SEK 131.4 million, or 12.1 per cent, from SEK 1,085.6 million in January–December 2019 to SEK 1,217.0 million in January–December 2020.

Net sales consisted of income from the sale of products. The increase is primarily attributable to a higher inflow of new customers, at the same time as customers have gradually started to order more deliveries during the year. Covid-19 has been a contributory factor that has resulted in a higher demand for the products, in combination with accelerated marketing. An improved product range, combined with greater flexibility, various

initiatives to increase the number of deliveries per customer as well as growth in the average order value (adjusted for exchange rate differences) of 3.6 per cent, have also contributed to the increased net sales. Exchange rate change impacted negatively by SEK 57.7 million.

**Operating profit/loss (EBIT)**

The Group's operating profit (EBIT) amounted to SEK -145.2 million during January–December 2019 and to SEK 91.5 million during January–December 2020. The change corresponds to an improvement in operating profit/loss (EBIT) of SEK 236.7 million. The improved operating profit/loss (EBIT) is attributable to improved efficiency, but also that operating profit/loss (EBIT) in 2019 was impacted by write-downs of goodwill amounting to SEK 182.0 million.

**Interest income**

The Group's interest income decreased by SEK 0.3 million, from SEK 0.4 million in January–December 2019 to SEK 0.2 million in January–December 2020.

**Interest expenses**

The Group's interest expenses increased by SEK 3.4 million, or 14.3 per cent, from SEK 24.1 million in January–December 2019 to SEK 27.5 million in January–December 2020. This increase is primarily attributable to the accrued PIK interest of the bond loan.

**Other financial income and expenses**

The Group's other financial income amounted to SEK 0.9 million during January–December 2019 and to SEK 1.6 million during January–December 2020. The change corresponds to an increase of SEK 0.7 million.

The Group's other financial expenses amounted to SEK 2.8 million during January–December 2019 and to SEK 2.3 million during January–December 2020. The change corresponds to a decrease of SEK 0.5 million.

**Profit/loss before tax and net profit for the year**

The Group's profit/loss before tax amounted to SEK -170.8 million during January–December 2019 and to SEK 63.5 million during January–December 2020. The change corresponds to an improvement in profit/loss before tax of SEK 234.3 million.

Net profit for the year amounted to SEK -177.0 million during January–December 2019 and to SEK 67.3 million during January–December 2020. The change corresponds to an improvement in net profit for the year of SEK 244.3 million.

**Tax**

The Group's reported tax expense decreased by SEK 10.0 million during 2020, from a tax expense of SEK 6.3 million during January–December 2019 to a tax income of SEK 3.7 million during January–December 2020. The change is attributable to an increased tax expense of SEK 6.2 million, which was offset by an increase in deferred tax income of SEK 16.2 million, which is mainly attributable to capitalization of loss carryforwards.

**Cash flow from operating activities**

The Group's cash flow from operating activities increased by SEK 92.8 million, or 315.4 per cent, from SEK 29.4 million in January–December 2019 to SEK 122.2 million in January–December 2020. The increase is mainly attributable to improved adjusted EBITDA and increase in operating liabilities.

**Cash flow from investing activities**

Cash flow used in investing activities decreased by SEK 1.7 million, or 14.5 per cent, from a cash flow from investing activities of SEK –11.6 million during January–December 2019 to SEK –9.9 million during January–December 2020. The change is mainly attributable to lower acquisition of intangible assets.

**Cash flow from financing activities**

The Group's cash flow from financing activities amounted to SEK –19.1 million in January–December 2019 and SEK –35.5 million in January–December 2020. The decrease of SEK 16.4 million, or –85.8 per cent, is primarily attributable to repurchasing of corporate bonds during the year for approximately SEK 9.4 million and lower utilization of the Group's bank overdraft facilities.

**Liquidity and financial position**

The Group's equity increased by SEK 14.3 million, or 5.4 per cent, from SEK 265.9 million on 31 December 2019 to SEK 280.2 million on 31 December 2020.

The Group's total liabilities increased by SEK 20.1 million, or 3.7 per cent, from SEK 538.3 million on 31 December 2019 to SEK 558.4 million on 31 December 2020.

The Group's cash and cash equivalents increased by SEK 70.6 million, or 718.2 per cent, from SEK 9.8 million on 31 December 2019 to SEK 80.4 million on 31 December 2020.

**COMPARISON BETWEEN THE PERIOD JANUARY–DECEMBER 2019 AND JANUARY–DECEMBER 2018****Net sales**

The Group's net sales decreased by SEK 240.7 million, or 18.1 per cent, from SEK 1,326.3 million in January–December 2018 to SEK 1,085.6 million in January–December 2019.

Net sales consisted of income from the sale of products. LMK Group took an active decision back in 2018 to prioritise profitability and operational excellence ahead of sales growth. This has resulted in reduced marketing and in the Group having a reduced number of active customers, which in turn has impacted net sales. The reduction in net sales was primarily attributable to decreased sales in Sweden. Exchange rate change impacted positively by SEK 6.9 million.

**Operating profit/loss (EBIT)**

The Group's operating profit/loss (EBIT) amounted to SEK –360.5 million in January–December 2018 and SEK –145.2 million in January–December 2019. The change corresponds to an improvement in operating profit/loss (EBIT) of SEK 215.3 million. The improved operating profit/loss (EBIT) is attributable to improved unit economics and reduced sales and marketing expenses, but also to the fact that the impairment of goodwill and intangible assets has been reduced from SEK 266.9 million in 2018 to SEK 182.0 million in 2019.

**Interest income**

The Group's interest income increased by SEK 0.3 million, or 160.1 per cent, from SEK 0.2 million in January–December 2018 to SEK 0.4 million in January–December 2019.

**Interest expenses**

The Group's interest expenses increased by SEK 3.8 million, or 18.8 per cent, from SEK 20.3 million in January–December 2018 to SEK 24.1 million in January–December 2019. The increase is primarily attributable to raised interest rates and fees for the corporate bond, as well as the increased use of the credit facility.

**Other financial income and expenses**

The Group's other financial income amounted to SEK 0.4 million during January–December 2018 and to SEK 0.9 million during January–December 2019. The change corresponds to an increase of SEK 0.6 million.

The Group's other financial expenses amounted to SEK 0.6 million during January–December 2018 and to SEK 2.8 million during January–December 2019. The change corresponds to an increase of SEK 2.2 million.

#### ***Profit/loss before tax and net profit for the year***

The Group's profit/loss before tax amounted to SEK –380.8 million during January–December 2018 and to SEK –170.8 million during January–December 2019. The change corresponds to an improvement in profit/loss before tax of SEK 210.1 million, or 55.2 per cent.

Net profit for the year amounted to SEK –367.2 million during January–December 2018 and to SEK –177.0 million during January–December 2019. The change corresponds to an improvement in net profit for the year of SEK 190.1 million, or 51.8 per cent.

#### ***Tax***

The Group's reported tax expense increased by SEK 19.9 million in 2019, from a tax income of SEK 13.7 million in January–December 2018 to a tax expense of SEK 6.3 million in January–December 2019. Changes in the Swedish tax legislation in 2019, which do not allow deductible interest expenses that exceed a certain level of taxable EBITDA, a significant reason for the increase. The corporate bond has an interest rate of approximately 10 per cent, which is not tax deductible due to the Group's corporate structure.

#### ***Cash flow from operating activities***

The Group's cash flow from operating activities increased by SEK 50.7 million, from SEK –21.3 million in January–December 2018 to SEK 29.4 million in January–December 2019. The increase in cash flow from operating activities is mainly attributable to improved adjusted EBITDA, which was offset by increased capital tied up in inventories, operating receivables and operating liabilities.

#### ***Cash flow from investing activities***

Cash flow used in investing activities decreased by SEK 4.4 million, from a cash flow from investing activities of SEK –16.0 million during January–December 2018 to –11.6 MSEK during January–December 2019. The increase is primarily attributable to reduced acquisitions of tangible assets, as the Group consolidated two existing production facilities to a new one in 2018.

#### ***Cash flow from financing activities***

The Group's cash flow from financing activities amounted to SEK –0.1 million in January–December 2018 and SEK –19.1 million in January–December 2019. The change of SEK –19.0 million is primarily attributable to a change in bank overdraft facilities and the repayment of lease liabilities.

#### ***Liquidity and financial position***

The Group's equity decreased by SEK 176.2 million, or 39.9 per cent, from SEK 442.0 million on 31 December 2018 to SEK 265.9 million on 31 December 2019.

The Group's total liabilities decreased by SEK 34.8 million, or 6.1 per cent, from SEK 573.0 million on 31 December 2018 to SEK 538.3 million on 31 December 2019.

The Group's cash and cash equivalents decreased by SEK 0.7 million, or 6.3 per cent, from SEK 10.5 million on 31 December 2018 to SEK 9.8 million on 31 December 2019.

## Capital resources

### INTANGIBLE ASSETS

On 31 December 2020, the Group's intangible assets amounted to SEK 570.4 million. The majority of the Group's intangible assets consist of goodwill and brands that are attributable to Herkules' acquisition of the operations within LMK Group. The Group conducts an assessment of the impairment requirement for goodwill each year in accordance with the Group's accounting policy. The Group's goodwill and brands are distributed between various segments.

2020 (SEK thousands)	Goodwill	Brands
Sweden	111,308	176,654
Norway	89,692	129,611
Denmark	21,907	–
<b>Carrying amount</b>	<b>222,907</b>	<b>306,265</b>

### TANGIBLE ASSETS

On 31 December 2020, the Group's tangible assets amounted to SEK 120.0 million and consisted mainly of right-of-use assets, i.e. rental agreements, for production facilities.

### IFRS 16

IFRS 16 discounts the value of the entitlement to the future use of lease assets, and the value is recognised as an asset in the balance sheet with a corresponding lease commitment as a liability. The recognised lease assets are depreciated in accordance with the term of the contract, while the liability is reduced through ongoing payments for the commitment. For the leases that the Group has entered into, the rights of use, i.e. rental agreements, amounted to SEK 106,0 million as of 31 December 2020 and the lease liabilities amounted to SEK 115,8 million.

## Investments

### IMPLEMENTED INVESTMENTS

The table below summarises LMK Group's total investments for the periods covered by the historical financial information.

SEK thousands	1 January – 31 December <sup>1)</sup>		
	2020	2019	2018
Acquisition of tangible assets	4,540	3,198	9,167
Acquisition of intangible assets	5,395	7,642	9,148
<b>Total</b>	<b>9,935</b>	<b>10,840</b>	<b>18,315</b>

The acquisition of intangible assets refers to investments both in the common technology platform for Sweden and Norway, as well as in the Danish technology platform.

The acquisition of tangible assets refers principally to investments in production. The higher amount in 2018 is attributable to the consolidation of two existing production facilities to a new, joint production facility.

### ONGOING AND DETERMINED INVESTMENTS

The Group intends to acquire the remaining 41.52 per cent of the shares from the founder and CEO of RetNemt. The purchase price for RetNemt is approximately SEK 54.9 million, of which approximately SEK 27.4 million is to be paid through cash payments to the founder and approximately SEK 27.4 million is to be paid through newly issued shares in LMK Group to the founder. Other than this, the Group has no significant ongoing investments at the time of the Prospectus. At the time of the Prospectus, no clear commitments have been made regarding other individual, significant investments for the immediate future.

## Significant events after 31 December 2020

After 31 December 2020, the Group published information about the operational development where the following information appeared:

- ◆ The number of active customers increased by 26.9 per cent per 28 February 2021 compared to the same period last year.
- ◆ The number of active customers increased by 13.1 per cent per 28 February 2021 compared to 31 December 2020.
- ◆ The number of deliveries increased by 40.9 per cent per 28 February 2021 compared to the same period last year.
- ◆ The number of deliveries increased by 35.2 per cent during January and February 2021 compared to the same period last year.

Apart from the above, the Group considers that there have been no significant changes in the Group's financial position after 31 December 2020 up until the date of the Prospectus.

# Capitalisation, indebtedness and other financial information

The information in this section should be read in conjunction with the section "*Operational and financial overview*" and the Group's consolidated financial statements and associated notes. Please refer to the section "*Share capital and ownership structure*" for more information about the Group's share capital and shares.

## Capitalisation and indebtedness

The tables in this section present LMK Group's capitalization and indebtedness level. LMK Group presents the statement of capital structure and indebtedness partly on an actual basis as of 31 December 2020 in the column "Reported" below (i.e. based on amounts from the Group's financial reports for the financial years ended 31 December 2020, 2019 and 2018, taken from the section "*Historical financial information*", or taken from LMK Group's internal accounting systems) and partly on an adjusted basis to illustrate the effects of certain planned but not yet occurred events due to the Offer and the planned listing of the Company's shares on Nasdaq First North Premier Growth Market that may contribute to a significant change in LMK Group's capitalization and indebtedness.

The information on LMK Group's capitalization and indebtedness on an adjusted basis constitutes forward-looking statements. Although LMK Group's deems that the expectations set forth in these forward-looking statements are reasonable, LMK Group can make no assurance that they will materialize or prove to be accurate. As these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcomes may differ materially from those set forth in the forward-looking statements due to several factors beyond LMK Group's control (for a description of several such factors, see section "*Risk factors*"). The forward-looking statements in this section apply only to the date of the Prospectus. LMK Group undertakes no obligation to publicly update or revise any forward-looking statements, whether due to new information, future events or other circumstances, except of which is required by law or other rules. Investors are there-

fore advised not to attach undue importance to any of the forward-looking statements in this section.

The adjustments in the tables below relate to the following planned future transactions that are intended to be carried out in connection with the Offering and listing of the Company's shares on the Nasdaq First North Premier Growth Market:

- ◆ New share issue in the Offer of total 3,144,654 shares, that is, assuming that the rights issue is fully subscribed. The new share issue is expected to bring in a gross payment of SEK 250 million, before deductions for expected transaction costs of SEK 24.1 million.
- ◆ Acquisition of the outstanding minority interest in the subsidiary RetNemt.dk ApS, including the repayment of outstanding acquisition debt to the former transferor. The purchase price for RetNemt amounts to approximately SEK 54.9 million, of which approximately SEK 27.4 million is to be paid in cash to the founder and approximately SEK 27.4 million is to be paid through newly issued shares in LMK Group to the founder. The acquisition debt amounts to approximately SEK 16 million.
- ◆ Early redemption of outstanding corporate bonds after completion of the issue in the Offering. Amounts to be paid amount to a total of approximately SEK 169 million, including accrued unpaid cash interest, accrued uncanceled PIK interest, accrued and capitalized PIK interest, guarantee fee, waiver fee and an additional 5 percentage points of the nominal amount paid due to early redemption.

The liabilities in the tables below include only interest-bearing liabilities and liabilities related to the issued put option to Toft Nørgaard Holding ApS, guarantee fee and waiver fee.



## CAPITALISATION

SEK thousands	31 Dec 2020 Reported	Adjustments (unaudited)	Summary after adjustments (unaudited)
<b>Current debt</b>			
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/Unsecured	97,118 <sup>1)</sup>	-75,369 <sup>2)</sup>	21,749
<b>Total current debt</b>	<b>97,118</b>	<b>-75,369</b>	<b>21,749</b>
<b>Non-current debt</b>			
Guaranteed	-	-	-
Secured	153,754 <sup>3)</sup>	-153,754 <sup>4)</sup>	-
Unguaranteed/Unsecured	99,402 <sup>5)</sup>	-5,331 <sup>6)</sup>	94,071
<b>Total non-current debt</b>	<b>253,156</b>	<b>-159,085</b>	<b>94,071</b>
<b>Total current and non-current liabilities</b>	<b>350,274</b>	<b>-234,454</b>	<b>115,820</b>
<b>Equity</b>			
Share capital	929	242 <sup>7)</sup>	1,171
Other contributed capital	912,569	270,565 <sup>8)</sup>	1,183,134
Reserves etc (excluding profit/loss for the period)	-659,718 <sup>9)</sup>	4,919 <sup>10)</sup>	-654,799
<b>Total capitalization (excluding profit/loss for the period)</b>	<b>604,054</b>	<b>41,272</b>	<b>645,326</b>

- 1) Refers to *debt for issued put option* of SEK 59,800 thousand and *acquisition liabilities* of SEK 15,569 thousand, both of which are included as sub-items in *other liabilities*, and Short-term leasing liabilities of SEK 21,749 thousand, which are derived from the Group's audited consolidated financial statements as of and for the financial years ended December 31, 2020, 2019 and 2018. The Group leases several types of assets. No leasing agreements contain covenants or other restrictions. See also note 29 in the Group's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.
- 2) Amortization of outstanding acquisition liabilities to former transferor amounting to SEK 15,569 thousand and the exercised put option regarding outstanding minority interest in the subsidiary RetNemt.dk ApS, which on 31 December 2020, was reported at SEK 59,800 thousand.
- 3) Refers to *Bond loans* of SEK 136,128 thousand, consisting of a total nominal value of SEK 139,000 thousand reduced by accrued borrowing costs, which are derived from the item *Bond loans* and *PIK interest* of SEK 17,626 thousand, which is included as sub-item in *Other non-current liabilities*, which are derived from the Group's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018. Secured refers to the pledging of shares in the subsidiary Carolinas Matkasse AB. Furthermore, refer to note 30 in the Group's audited consolidated financial statements as of and for the financial years ended December 31, 2020, 2019 and 2018.
- 4) Early redemption of *bond loan* with a total nominal value of SEK 139,000 thousand and *PIK interest* of SEK 17,626 thousand. Accrued borrowing costs, which have reduced the reported amount of the *Bond loan*, are expensed in connection with early redemption.
- 5) Refers to *Guarantee fee* of SEK 3,081 thousand, which is included as a sub-item in *Other long-term liabilities*, *Waiver fee* of SEK 2,250 thousand, which is part of the sub-item Other in Other non-current liabilities, and *Non-current leasing liabilities* of SEK 94,071 thousand, which, *except Waiver fee*, are derived from the Group's audited consolidated financial statements as of and for the financial years ended December 31, 2020, 2019 and 2018. The Group leases several types of assets. No leasing agreements contain covenants or other restrictions. See also note 29 in the Group's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.
- 6) Refers to payment of *guarantee fee* of SEK 3,081 thousand and *Waiver fee* of SEK 2,250 thousand which are settled in connection with early redemption of *redemption of the Bond loan*.
- 7) Refers to 3,144,654 newly issued shares in the Offer (calculated based on the assumption of full subscription) multiplied with a quota value of SEK 0.066667, and 345,163 newly issued shares to the founder of RetNemt.dk ApS multiplied with a quota value of SEK 0.092292, which together increases the share capital with TSEK 242.
- 8) Refers to the number of newly issued shares of 3,489,817 multiplied by an amount corresponding to the price in the Offer of SEK 79.5 reduced by the share capital increase above of 242 TSEK and reduced by SEK 6,634 thousand which is the estimated distribution of transaction costs of SEK 24,100 thousand which is assessed to be reported directly against equity.
- 9) Consists of *translation reserves* amounting to SEK 25,364 thousand, *retained earnings (excluding Comprehensive income for the year)* amounting to SEK -688,578 thousand and *non-controlling interests (excluding profit for the period)* amounting to SEK 3,496 thousand, which were taken from the Group's audited consolidated financial statements as of 31 December 2020, 2019 and 2018.
- 10) Regulated option debt of SEK 59,800 thousand regarding the exercised option on acquisition of shares in RetNemt reduced by cash payment of SEK 27,441 thousand and new issue of shares in LMK Group AB of SEK 27,441 thousand to the founder of RetNemt.

## NET INDEBTEDNESS

SEK thousands	31 Dec 2020 Reported	Adjustments (unaudited)	Summary after adjustments (unaudited)
(A) Cash	80,416 <sup>1)</sup>	13 984 <sup>2)</sup>	94 400
(B) Cash and cash equivalents	-	-	-
(C) Trading securities	-	-	-
<b>(D) Liquidity (A) + (B) + (C)</b>	<b>80,416</b>	<b>13 984</b>	<b>94 400</b>
(E) Current financial receivables	-	-	-
(F) Current bank debt	-	-	-
(G) Current portion of non-current debt	-	-	-
(E) Other current financial debt	97,118 <sup>3)</sup>	-75,369 <sup>4)</sup>	21,749
<b>(I) Current financial debt (F) + (G) + (H)</b>	<b>97,118</b>	<b>-75,369</b>	<b>21,749</b>
<b>(J) Net current financial indebtedness (I) – (E) – (D)</b>	<b>16,702</b>	<b>-89,353</b>	<b>-72 651</b>
(K) Non-current bank loans	-	-	-
(L) Bonds issued	153,754 <sup>5)</sup>	-153,754 <sup>6)</sup>	-
(M) Other non current loans	99,402 <sup>7)</sup>	-5,331 <sup>8)</sup>	94,071
<b>(I) Non-current financial indebtedness (K) + (L) + (M)</b>	<b>253,156</b>	<b>-159,085</b>	<b>94,071</b>
<b>(O) Net financial indebtedness<sup>9)</sup> (J) + (N)</b>	<b>269,858</b>	<b>-248,437</b>	<b>21,421</b>

- 1) Refers to cash and available balances with banks and corresponding institutions, which are included in the item Cash and cash equivalents derived from the Group's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018.
- 2) The estimated change in cash after the planned future transactions intended to be carried out in connection with the Offer, which refers to the expected net primary proceeds of SEK 225,900 thousand (gross proceeds, based on full subscription in the Offer to the Price in the Offer of 79.5, is expected to amount to SEK 250,000 thousand, less transaction costs of SEK 24,100 thousand) and after deduction of the amount of the early redemption of the bond of SEK 168,907 thousand (which consists of the nominal value of the bond loan of SEK 139,000 thousand, PIK interest of SEK 17,626 thousand, call option premium of SEK 6,950 thousand, guarantee fee of SEK 3,081 thousand and waiver fee of SEK 2,250 thousand), the cash payment to the founder of Retnemt of SEK 27,441 thousand and amortization of outstanding acquisition liability to former transferors of Retnemt of SEK 15,569 thousand.
- 3) Refers to *debt for issued put option* of SEK 59,800 thousand and *acquisition debt* of SEK 15,569 thousand, both of which are included as sub-items in *other liabilities*, and Short-term leasing liabilities of SEK 21,749 thousand, which are derived from the Group's audited consolidated financial statements as of and for the financial years ended December 31, 2020, 2019 and 2018.
- 4) Amortization of outstanding acquisition liability to former transferor amounting to SEK 15,569 thousand and exercised put option regarding outstanding minority interest in the subsidiary RetNemt.dk ApS, which on 31 December 2020 was reported at SEK 59,800 thousand.
- 5) Refers to *Bond loans* of SEK 136,128 thousand, consisting of a total nominal value of SEK 139,000 thousand reduced by accrued borrowing costs, which are derived from the item *Bond loans* and *PIK interest* of SEK 17,626 thousand, which is included as sub-item in *Other non-current liabilities*, which are derived from the Group's audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018. Secured refers to the pledging of shares in the subsidiary Carolinas Matkasse AB. Furthermore, refer to note 30 in the Group's audited consolidated financial statements as of and for the financial years ended December 31, 2020, 2019 and 2018.
- 6) Early redemption of *the bond loan* with a total nominal value of SEK 139,000 thousand and *PIK interest* of SEK 17,626 thousand. Accrued borrowing costs, which have reduced the reported amount of *the bond loan*, are expensed in connection with early redemption.
- 7) Refers to *Guarantee fee* of SEK 3,081 thousand, which is included as a sub-item in *Other non-current liabilities*, Waiver fee of SEK 2,250 thousand, which is part of the sub-item *Other in Other non-current liabilities*, and *non-current leasing liabilities* of SEK 94,071 thousand, which, except *Waiver fee*, are derived from the Group's audited consolidated financial statements as of and for the financial years ended December 31, 2020, 2019 and 2018.
- 8) Refers to payment of *guarantee fee* of SEK 3,081 thousand and *Waiver fee* of SEK 2,250 thousand, which are settled in connection with early redemption of the bond loan.
- 9) The definition of net financial indebtedness in the table above deviates from the Company's key performance indicator *Net interest-bearing liabilities (excl. leasing liabilities)*.

## INDIRECT INDEBTEDNESS AND CONTINGENT LIABILITIES

As of 31 December 2020, there was no indirect indebtedness or any contingent liabilities.

## FINANCING ARRANGEMENTS

The Group's main financing arrangements currently comprise of corporate bond financing (ISIN SE0010414318) totalling approximately SEK 139.0 million (nominal amount), excluding accrued interest, which, on the date of the Prospectus, amounts to approximately SEK 19.7 million, including accrued interest. The Corporate bond has a cash interest rate amounting to 2 per cent plus STIBOR, as well as PIK interest amounting to 8 per cent (PIK refers to "payment-in-kind", i.e. accrued interest is capitalised and added to the principal amount for the bond), which together give an interest rate of approximately 10 per cent. According to the bond terms, there are no ongoing repayments of the bond, although the total nominal amount should be repaid at the latest by the maturity date, 9 October 2022. LMK Group is entitled to call for the early redemption of the entire bond (known as a Call option) at an amount which, on the date of the Prospectus, totals 105 per cent of the nominal amount, plus accrued unpaid interest. The bondholders, in turn, are entitled to resell the bond to the Group (known as a Put option) at an amount totalling 101 per cent of the nominal amount, plus accrued unpaid interest, in the event of major changes in ownership (known as a Change of control) such as an initial public offering. In connection with the completion of the Offer, LMK Group intends to call for the early redemption of the entire corporate bond.

## Other financial information

### WORKING CAPITAL STATEMENT

The Group considers that the existing working capital is not sufficient to satisfy the Group's needs over the coming twelve-month period, calculated from the date of this Prospectus. The term "working capital" refers here to LMK Group's potential to access cash and cash equivalents for the purpose of fulfilling its payment obligations as they fall due for payment. The reason for this is as follows.

As of the date of the Prospectus, the Group has outstanding corporate bonds with a nominal amount of SEK 139 million (excluding accrued interest) which, according to the bond terms, fall due for payment in October 2022. In conjunction with the Offer, the bond terms entail an entitle-

ment for bondholders to be redeemed, which, if claimed by all bondholders, would entail the repayment of an amount totalling SEK approximately 169 million. If the share issue described in the Offer is not implemented in accordance with that described in the Prospectus, a cash deficit amounting to SEK -37 million would arise in June 2021 as a result of such a repayment of outstanding corporate bond financing, if alternative financing or raising of capital were not arranged immediately. In the event that all alternative financing options fail and in the event that additional working capital cannot be procured, this could lead to the Group being forced to liquidate parts of its business or ultimately being forced to restructure or to apply for bankruptcy.

As of 31 December 2020, the Group had cash and cash equivalents amounting to SEK 80.4 million. If the corporate bond should not fall due for payment during the coming 12-month period, calculated from the date of this Prospectus, the Company assesses that the Group's cash flow would be positive and that the existing working capital would be sufficient to meet the Group's needs during the coming 12-month period, from the date of this Prospectus.

The Issue proceeds from the Offer are expected to amount to at least SEK 250 million. In the event that the Issue proceeds do not amount to at least 250 million, the Offer will be withdrawn and the subsequent listing on the Nasdaq First North Premier Growth Market will not take place. If the share issue described in the Offer is implemented in accordance with that described in the Prospectus, the estimated capital shortfall as described above will be covered.

### TRENDS

As per the date of the Prospectus, to the best of the Board's knowledge, there are no trends, other than that stated in the section "*Market overview*" under "*Driving forces*", uncertainties, potential receivables or other claims, commitments or events, other than that stated in the section "*Risk factors*", which can be expected to have a material impact on the Group's future prospects. Other than that stated above and in the section "*Risk factors*", the Group is also not aware of any public, economic, fiscal, monetary policy or other policy measures which, directly or indirectly, have materially impacted or could materially impact the Group's operations.

# Board of directors, executive management and auditors

## Board of directors

According to LMK Group's articles of association, the board of directors shall consist of between three and nine members appointed by the general meeting, without deputy members. At present, the Company's board of directors consists of five members appointed by the general meeting. The current board of directors is appointed for the period until the end of the annual general meeting to be held in 2022.

The table below shows the members of the board of directors, when they were first elected to the board and whether they are independent in relation to the Company and/or major shareholders. Major shareholders in this context refer to owners who directly or indirectly control ten per cent or more of the shares or votes in the Company.

### THE BOARD OF DIRECTORS OF LMK GROUP

Name	Position	Year of birth	Appointed	Independent of the	
				Company	Major shareholders
Mathias Hedlund	Chairman, member	1970	2021	Yes	Yes
Charlotte Gogstad	Member	1977	2021	Yes	Yes
Fredrik Kongsli	Member	1985	2018	Yes	No
Gert W. Munthe	Member	1957	2018	Yes	No
Therese Reuterswård	Member	1981	2021	Yes	Yes



### MATHIAS HEDLUND

*Born in 1970. Chairman of the board of directors since 2021.*

**Education:** Bachelor's Degree in Business Administration from Stockholm University, Executive Education Program at Stockholm School of Economics, and Executive Education Program at Harvard Business School.

**Other current positions:** Chief Executive Officer at Etraveli Group AB and subsidiaries, and owner and member of the board of directors of Micchezza AB.

**Previous positions (past five years):** Chairman of the board of directors of NetEnt AB (publ) and EuroFlorist Intressenter AB, member of the board of directors of Betsson AB (publ) and Semantix International Group AB.

**Shareholding in LMK Group:** Mathias Hedlund holds no shares in the Company. Mathias Hedlund intends to acquire 28,800 warrants in the Company.<sup>1)</sup>



### CHARLOTTE GOGSTAD

*Born in 1977. Member of the board of directors since 2021.*

**Education:** Bachelor of Arts – International Relations, and Bachelor of Business Administration from Pacific Lutheran University, Master of Business Administration from London Business School, and Executive Leadership Programme at Harvard Business School.

**Other current positions:** Vice President Product & Tech Enablement at Expedia.com Ltd.

**Previous positions (past five years):** Senior Director Global Search Marketing and Senior Director Strategy & Business Development at Expedia.com Ltd.

**Shareholding in LMK Group:** Charlotte Gogstad holds no shares in the Company. Charlotte Gogstad intends to acquire 9,600 warrants in the Company.<sup>1)</sup>



### FREDRIK KONGSLI

*Born in 1985. Member of the board of directors since 2018.*

**Education:** Bachelor of Arts – Economics from Columbia University, and Master of Business Administration from INSEAD.

**Other current positions:** Partner at Herkules Capital AS, chairman of the board of directors of Back To School AS, Beckmann AS, Olivia Holding AS and subsidiaries, Sibus AS, Kongsli Ventures AS and Kookooli AS, and member of the board of directors of Eterni Holding AS and subsidiaries, Oppkuven Investco AS and Mgmtco AS.

**Previous positions (past five years):** Member of the board of directors of Puzzel AS, Puzzel Holding AS and Odlo Sport Holding AG.

**Shareholding in LMK Group:** Fredrik Kongsli holds no shares in the Company.

1) The warrants are acquired within the framework of the long-term incentive programme which was established pursuant to a resolution on the annual general meeting on 14 March 2021, in accordance with what is described in section "Corporate governance – Remuneration for members of the board of directors and executive management – Long-term incentive programme – warrants – Warrant programme for members of the board of directors".



### GERT W. MUNTHE

Born in 1957. Chairman of the board of directors since 2018 and member of the board of directors since 2021.

**Education:** Master of Business Administration and Master of International Affairs from Columbia University, and Exam Oecon from University of Oslo.

**Other current positions:** Chairman of the board of directors of Herkules Capital AS, Herkules Private Equity Fund 1, Herkules Private Equity Fund 4, Lytix Biopharma AS, Amicoat AS and Adhuntius Services AS.

**Previous positions (past five years):** Chairman of the board of directors of Nevion AS and member of the board of directors of Intelcom CC/IA AS (now Puzzel AS).

**Shareholding in LMK Group:** Gert W. Munthe holds no shares in the Company.



### THERESE REUTERSWÄRD

Born in 1981. Member of the board of directors since 2021

**Education:** Master of Science in Media Technology from the Royal Institute of Technology.

**Other current positions:** Chief Marketing Officer at Office Depot AB, member of the board of directors of Thule Group AB, deputy member of the board of directors of Robam AB and member of the Advisory Board of Beyond Retail AB.

**Previous positions (past five years):** Interim Director of Product at MatHem AB, Head of Digital at Arla Foods AB, Nordic Head of E-Business at Nestlé Nespresso S.A and member of the board of directors of Svensk Digital Handel.

**Shareholding in LMK Group:** Therese Reuterswård holds no shares in the Company. Therese Reuterswård intends to acquire 9,600 warrants in the Company.<sup>1)</sup>

## Executive management

The table below lists the name, position, year of birth and year of current position held in the Company of the members of LMK Group's executive management.

### EXECUTIVE MANAGEMENT OF LMK GROUP

Name	Position	Year of birth	Held position since
Walker Kinman	Chief Executive Officer	1975	2019 <sup>1)</sup>
Erik Bergman	Chief Financial Officer	1982	2021
Alexander Aagreen	Chief Technology Officer	1989	2019
Claes Stenfeldt	Chief Supply Chain Management Officer	1968	2018
Ulrika Wallin	Chief Marketing Officer	1977	2020
Klaus Toft Nørgaard	Managing Director, Retnetm	1964	2004
Vibeke Amundsen	Chief Operating Officer	1968	2021

1) Walker Kinman was previously CFO in the Group, a role held since 2018.

1) The warrants are acquired within the framework of the long-term incentive programme which was established pursuant to a resolution on the annual general meeting on 14 March 2021, in accordance with what is described in section "Corporate governance – Remuneration for members of the board of directors and executive management – Long-term incentive programme – warrants – Warrant programme for members of the board of directors".



### WALKER KINMAN

*Born in 1975. Chief Executive Officer since 2019.*

**Education:** Bachelor of Science, Business Administration & Finance Concentration from Boston University.

**Other current positions:** Chairman of the board of directors and CEO at Carolinas Matkasse AB, Linas Matkasse Newco AB, Godtlevtgruppen AS and WJK Strategic Consulting AB, and chairman of the board of directors of RetNemt.dk ApS.

**Previous positions (past five years):** CFO and member of the board of directors of Emeric AB, member of the board of directors of Emeric Finance Process Outsourcing AB, Emeric Operations AB, Emeric d.o.o. Beograd, PT Emeric Asia and Head of Finance Partner at Tieto Sweden AB.

**Shareholding in LMK Group:** As of the date of the Prospectus, Walker Kinman holds 15,000 ordinary shares and 2,745 preference B shares, 300 preference C shares, 4,455 preference D shares and 175,965 preference E shares in the Company. On the first day of trading, Walker Kinman will hold 183,465 shares in the Company.<sup>1)</sup> Walker Kinman intends to acquire 57,600 warrants in the Company.<sup>2)</sup>



### ERIK BERGMAN

*Born in 1982. Chief Financial Officer since 2021, formerly Head of Business Control since 2019.*

**Education:** Master of Science in Business Administration and Economics from Stockholm University.

**Other current positions:** None.

**Previous positions (past five years):** Finance Partner at Tieto Sweden AB and Business Controller at Emeric AB.

**Shareholding in LMK Group:** Erik Bergman holds no shares in the Company. Erik Bergman intends to acquire 19,200 warrants in the Company.<sup>2)</sup>



### ALEXANDER AAGREEN

*Born in 1989. Chief Technology Officer since 2019.*

**Education:** Bachelor's Degree, Marketing & Communication, from Norwegian Business School.

**Other current positions:** Member of the board of directors of Godtlevtgruppen AS, Retnemt ApS, Skarpekniver AS, Six Bond Street AS, MissingX AS and Gorilla-Tech AS.

**Shareholding in LMK Group:** As of the date of the Prospectus, Alexander Aagreen holds 22,500 preference E shares in the Company. On the first day of trading, Alexander Aagreen will hold 22,500 shares in the Company.<sup>1)</sup> Alexander Aagreen intends to acquire 52,800 warrants in the Company.<sup>2)</sup>

- 1) Assuming that the conversion of the previous ownership structure is undertaken in accordance with what is described in the section "Share capital and ownership – Conversion of previous ownership structure".
- 2) The warrants are acquired within the framework of the long-term incentive programme which was established pursuant to a resolution on the annual general meeting on 14 March 2021, in accordance with what is described in section "Corporate governance – Remuneration for members of the board of directors and executive management – Long-term incentive programme – warrants – Warrant programme for the executive management and other employees".



### CLAES STENFELDT

*Born in 1968. Group Chief Supply Chain Manager since 2018.*

**Education:** Bachelor, Business Administration & Marketing.

**Other current positions:** None.

**Previous positions (past five years):** Merchandising, Purchasing and Inventory Manager at Office Depot Svenska AB.

**Shareholding in LMK Group:** As of the date of the Prospectus, Claes Stenfeldt holds 15,000 preference E shares in the Company. On the first day of trading, Claes Stenfeldt will hold 15,000 shares in the Company.<sup>1)</sup> Claes Stenfeldt intends to acquire 19,200 warrants in the Company.<sup>2)</sup>



### ULRIKA WALLIN

*Born in 1977. Chief Marketing Officer since 2020.*

**Education:** Bachelor, Business Administration, Stockholm University and International Marketing, Pace University, New York.

**Other current positions:** None.

**Previous positions (past five years):** Chief Marketing Officer at CMore Entertainment, Paf Multibrand Limited, Mandalorian Technologies Limited and Head of Marketing at Bonnier Broadcasting.

**Shareholding in LMK Group:** Ulrika Wallin holds no shares in the Company. Ulrika Wallin intends to acquire 19,200 warrants in the Company.<sup>2)</sup>



### KLAUS TOFT NØRGAARD

*Born in 1964. Chief Executive Officer RetNemt since 2004.*

**Education:** Executive MBA, Copenhagen Business School and Diploma in Marketing, Southern Denmark University.

**Other current positions:** CEO and chairman of the board of directors of RetNemt.dk ApS and CEO and chairman of the board of directors of Toft Nørgaard Holding ApS.

**Previous positions (past five years):** None.

**Shareholding in LMK Group:** On the first day of trading, Klaus Toft Nørgaard will hold 345,163 shares in the Company through his wholly-owned company Toft Nørgaard Holding ApS.<sup>3)</sup> Klaus Toft Nørgaard intends to acquire 19,200 warrants in the Company.<sup>2)</sup>

- 1) Assuming that the conversion of the previous ownership structure is undertaken in accordance with what is described in the section "Share capital and ownership – Conversion of previous ownership structure".
- 2) The warrants are acquired within the framework of the long-term incentive programme which was established pursuant to a resolution on the annual general meeting on 14 March 2021, in accordance with what is described in section "Corporate governance – Remuneration for members of the board of directors and executive management – Long-term incentive programme – warrants – Warrant programme for the executive management and other employees".
- 3) Klaus Toft Nørgaard currently holds, through his wholly-owned company Toft Nørgaard Holding ApS, 651,000 shares in the subsidiary RetNemt.dk ApS. Due to the conversion of the existing shareholder structure that will be carried out in connection with the Offer, Klaus Toft Nørgaard's shareholding in RetNemt.dk Aps will partly be converted into shares in LMK Group AB (publ) in accordance with what is written in section "Share capital and ownership – Conversion of previous ownership structure".





### VIBEKE AMUNDSEN

Born in 1968. Chief Operating Officer since 2021.

**Education:** Master of Science, Norwegian Institute of Technology, and Master of Management, Norwegian Business Institute.

**Other current positions:** Vibeke Amundsen holds no other positions.

**Previous positions (past five years):** Director Warehouse Management at TINE BA and Senior Project Manager at Vinmonopolet.

**Shareholding in LMK Group:** Vibeke Amundsen holds no shares in the Company. Vibeke Amundsen intends to acquire 19,200 warrants in the Company.<sup>1)</sup>

## Auditors

KPMG AB, with address Box 382, 101 27 Stockholm, is the Company's independent auditor. Ingrid Hornberg Román, authorised public accountant and member of FAR (professional institute for authorised public accountants), is auditor-in-charge. KPMG AB has been the Company's independent auditor during the whole time that has been referenced in the historical financial information of the Prospectus.

## Further information on the members of the board of directors and executive management

There are no family ties between any of the members of the board of directors or executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of the members of the board of directors and executive management towards the Company and their private interests and/or other undertakings.

Shareholding members of the board of directors and the executive management have undertaken, with certain exceptions, not to sell their respective holdings for a certain period after the trading on Nasdaq First North Premier Growth Market has commenced, see the section "*Share capital and ownership – Undertaking to refrain from selling shares*".

During the past five years, no members of the board of directors or executive management described above have (i) been convicted in any fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for involuntary liquidation, or been the subject of bankruptcy proceedings, (iii) been the subject of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

<sup>1)</sup> The warrants are acquired within the framework of the long-term incentive programme which was established pursuant to a resolution on the annual general meeting on 14 March 2021, in accordance with what is described in section "*Corporate governance – Remuneration for members of the board of directors and executive management – Long-term incentive programme – warrants – Warrant programme for the executive management and other employees*".

# Corporate governance

LMK Group AB (publ) is a Swedish public limited liability company. Prior to listing on Nasdaq First North Premier Growth Market, corporate governance in the Company was mainly based on Swedish law, the Company's articles of association and internal rules and instructions. As a Company listed on Nasdaq First North Premier Growth Market, corporate governance in the Company will be based on Swedish law, the Company's articles of association, internal rules and regulations, Nasdaq First North Growth Market Rulebook, as well as good practice in the stock market. Furthermore, as from the application for admission to trade the Company's shares on Nasdaq First North Premier Growth Market, the Company is subject to requirements to apply the Swedish Corporate Governance Code (the "**Code**"). The Code defines a norm for good corporate governance that exceeds the minimum requirements of the Swedish Companies Act. The Code is based on the principle comply or explain. This means that the Company is not required to apply every rule of the Code at all occasions, but may choose alternative solutions, deemed to better respond to the particular circumstances, provided that the Company openly discloses all such deviations, describes the alternative solution and states the reason for the deviation.

LMK Group will apply the Code from the date of the listing of the Company's shares on Nasdaq First North Premier Growth Market. LMK Group does not expect to deviate from any of the rules of the Code. All, if any, non-compliances with the Code will be described in the Company's corporate governance report, which will be drawn up for the first time for the 2022 financial year.

## The general meeting

According to the Swedish Companies Act, the general meeting is a company's highest decision-making body. The general meeting may resolve upon every issue for the company, which is not specifically reserved for another company body's exclusive competence. At the annual general meeting, which shall be held within six months from the end of each financial year, shareholders exercise their voting rights on issues such as adoption of income statements and balance sheets, allocation of the company's profits or losses, discharge of liability for the board of directors and the CEO for the financial year, appointment of members of the board of directors and auditor, and remuneration for the board of directors and the auditor.

Besides the annual general meeting, extraordinary general meetings may be convened. In accordance with the Company's articles of association, all general meetings shall be convened through announcements in the Swedish Official Gazette (*Sw. Post- och Inrikes Tidningar*) and by posting the notice of the meeting on the Company's website. An announcement shall simultaneously be placed in Dagens Nyheter with information that the meeting has been convened.

## Right to attend general meetings

All shareholders who are entered in the share register kept by Euroclear, six banking days prior to the general meeting and who have notified the Company of their intention to attend the general meeting at the latest by the date specified in the notice convening the meeting shall be entitled to attend the general meeting and vote according to the number of shares they hold. Shareholders may attend general meetings in person or through a proxy, and may also be accompanied by not more than two assistants.

## Shareholder initiatives

Shareholders who wish a matter to be discussed at the general meeting must submit a written request in that regard to the board of directors. Requests must normally be received by the board of directors at least seven weeks prior to the general meeting.

## Nomination committee

Companies that comply with the Code must have a nomination committee. According to the Code, the general meeting shall appoint the members of the nomination committee or specify how the members are to be appointed. According to the Code, the nomination committee shall consist of at least three members and a majority of these shall be independent in relation to the Company and Group management. In addition, at least one member of the nomination committee must be independent in relation to the largest shareholder in terms of votes, or, group of shareholders who collaborate on the Company's management.

The annual general meeting held on 14 March 2021 resolved to establish a nomination committee and to adopt instructions to the nomination committee. According to the instructions to the nomination committee the nomination committee

shall consist of three members, each of whom is appointed by each of the three largest shareholders or shareholder groups on the last banking day in August the year before the annual general meeting, that wish to appoint a representative. In addition to these three members, the chairman of the board of directors shall be a member of the nomination committee. The nomination committee shall appoint the chairman of the nomination committee from among its members.

The instructions to the nomination committee comply with the Code with respect to the appointment of committee members. The members of the nomination committee shall be announced not later than six months prior to the next annual general meeting. The nomination committee shall convene as often as is necessary in order to fulfil its duties and responsibilities. Scheduling of meetings shall be made with regard to the timing of the annual general meeting. The members of the nomination committee shall, in connection with their assignments, conduct their duties in accordance with the Code. The nomination committee's main duties are to propose candidates for the positions as chairman and other members of the board of directors, as well as propose fees and other remuneration to each members of the board of directors. The nomination committee is also to make proposals on the election and remuneration of the statutory auditor.

## The board of directors

The board of directors is the company's highest decision-making body after the general meeting and is also the highest executive body. The board of directors' responsibility is regulated on various levels. The board of directors' responsibility is mainly regulated in the Swedish Companies Act. Pursuant to the Swedish Companies Act, the board of directors is responsible for the company's organisation and the administration of the company's affairs. Furthermore, the board of directors shall continuously assess the company's financial position, as well as ensure that the company's organisation is formed in a way that the accounting, management of funds and the company's financial conditions otherwise are controlled in a secure manner.

The assignments of the board of directors include, among other things, to set objectives and strategies, ensure that there are effective systems for follow-up and control of the Company's operations, and ensure that there is satisfactory control of the Company's compliance with legislation and other regulations applicable to the Company's operations. The board of directors decides on the Company's business direction, strategy, business

plan, resources and capital structure, organisation, acquisitions, major investments, divestments, annual and interim reports and other general issues of a strategic nature. In addition, the board of directors addresses issues and makes decisions regarding other matters considered to be outside the scope of the CEO's authority.

The board of directors shall also define appropriate guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability, as well as ensure that the Company's disclosure of information is characterised by transparency and is accurate, reliable, relevant and not misleading. In addition, the assignments of the board of directors include appointing, evaluating and if necessary removing the CEO.

Members of the board of directors are usually appointed annually by the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the members of the board of directors to be elected by the general meeting shall consist of a minimum of three members and a maximum of nine members. According to the Code, the chairman of the board must be elected by the general meeting and have a special responsibility for the management of the board's work and for the board's work being well organised and carried out in an efficient manner.

Per the date of the Prospectus, the Company's board of directors consists of five members elected by the general meeting. The board members are presented in detail in the section "*Board of directors, executive management and auditors*". LMK Group's board of directors follows a written procedure, which has been adopted by the board of directors and which is reviewed annually. Among other things, the procedure for the board of directors regulates the board of directors' role and responsibility, the board of directors' way of working and how the work is divided within the board of directors. The board of directors also adopts instructions for the CEO of LMK Group, including instructions for financial reporting.

## CEO and executive management

The CEO's responsibilities are regulated at various levels. The CEO's responsibilities are mainly regulated in the Swedish Companies Act. According to the Swedish Companies Act, the CEO shall attend to the day-to-day management according to the guidelines and instructions set out by the board. In addition, the CEO shall take any measures necessary to ensure maintenance of company accounts in accordance with applicable laws and regulations, and the sound management of funds.

The division of work between the board and the CEO is described in the instructions for the CEO, including the instructions for financial reporting. The CEO must also adhere to the Company's articles of association, directions given by the general meeting, as well as other internal directions and guidelines established by the board of directors.

The CEO reports to the board of directors and is responsible for the operational management of the Company and to execute the resolutions passed by the board of directors. The CEO shall control and monitor that the matters which pursuant to applicable law, articles of association or internal guidelines are to be dealt with by the board of directors, are presented to the board of directors, and shall continuously keep the chairman of the board of directors informed about the performance of the Company's operations, its earnings and financial position, as well as other important events, circumstances and conditions which cannot be assumed to be irrelevant to the board of directors or the shareholders.

The CEO is presented in greater detail in the section "*Board of directors, executive management and auditors*".

## Remuneration for members of the board of directors and executive management

### REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS

Fees and other remuneration for members of the board of directors, including the chairman of the board, are resolved upon by the general meeting. The annual general meeting held on 14 March 2021 decided that total fees to the board members, for the period until the next annual general meeting, shall amount to SEK 1,300,000. SEK 500,000 shall be payable to the chairman of the board and SEK 200,000 to each of Charlotte Gogstad, Fredrik Kongsli, Gert Wilhelm Munthe and Therese Reuterswård (whereby the amount shall be reduced so that it corresponds proportionally to the part of a year that has elapsed before the 2022 annual general meeting). Furthermore, the three board members independent of major shareholders are covered by warrant programmes, which is described in more detail under "*Corporate governance – Remuneration for members of the board of directors and executive management – Long-term incentive programme – warrants*". Members of the Company's board of directors shall not be entitled to any benefits once they retire as members of the board of directors.

1) I.e. after the conversion of the sharestructure, as is described in the section "*Sharecapital and ownership – Conversion of previous ownership structure*" and after the new issue in the Offer.

### REMUNERATION FOR THE CEO AND EXECUTIVE MANAGEMENT

Remuneration for the executive management shall be market-based to ensure the Company's ability to recruit and maintain highly competent executives. The remuneration shall be based on the employee's competence, responsibilities and performance and are to be paid in accordance with the guidelines for remuneration to the CEO and executive management adopted on 14 March 2021 by the annual general meeting for the period until the annual general meeting 2022.

As of the first day of trading, the CEO receives a fixed monthly salary amounting to SEK 190,000. Further, the CEO is during the first six months following the listing of the Company's shares on Nasdaq First North Premier Growth Market subject to a twelve months' notice period, following which the notice period shall be six months.

### LONG-TERM INCENTIVE PROGRAMME – WARRANTS

At the Company's annual general meeting held on 14 March 2021 the shareholders of LMK Group resolved to adopt long-term incentive programmes based on warrants aimed at the Company's executive management and some other key employees, and external members of the board of directors.

The purpose of the incentive programmes is to encourage a diversified ownership among the Company's key employees, recruit and retain competent and talented co-workers, align the interests of key employees with the Company's objectives as well as to increase motivation.

Full participation in the incentive programmes require key employees to make a total investment of approximately SEK 3,570 thousand (the maximum investment offered amounts to approximately SEK 669 thousand) as well as requires external members of the board of directors to invest a total of approximately SEK 906 thousand. If the maximum number of warrants in both of the incentive programmes are exercised to subscribe for shares a dilutive effect will occur, corresponding to in total 2.8 per cent of the total amount of shares in the Company, after the Offer has been carried out.<sup>1)</sup>

The incentive programmes will result in costs for the Company mainly relating to the payment of bonus amounts to participants in the incentive programme for the executive management and other employees, as well as some very limited administrative costs. The total costs for all bonus payments

amount to a maximum of SEK 2.6 million, whereof SEK 1 million relates to cash bonuses corresponding to the total cost to cover each participant's subscription of 2,400 warrants, and the remaining part refers to compensation for costs attributable to participants' income tax and social costs.

#### **Warrant programme for the executive management and other employees**

The annual general meeting has decided to issue warrants to approximately 36 key employees, including members of the Group's executive management. In total the issue comprises up to 307,200 warrants, which entitles to new subscription of the corresponding number of shares in the Company. The participants are offered to subscribe for warrants at a market value. If the maximum number of warrants are exercised to subscribe for shares a dilutive effect will occur, corresponding in total to 2.4 per cent of the total number of shares in the Company, after the Offer has been carried out.

The price for the subscription of a share when exercising a warrant corresponds to 130 per cent of the price of shares in the Offer, and the participants may exercise the warrants during the period 1 April 2024–30 June 2024.

The warrants shall be governed by separate agreements between each participant and the Company. In the agreement, the Company, or any party designated by the Company, also reserves the right to, under certain conditions, purchase the warrants from the participant if the participant's employment within the Company terminates for certain reasons or if the participant wishes to transfer the warrants.

In connection with subscription of the warrants, a one-time cash bonus, corresponding to the warrant subscription price of 2,400 warrants, i.e. SEK 27,888, will be paid to the each participant in the warrant programme for the executive management and other employees. According to the agreement governing the warrants, the bonus amount shall be repaid if the participant's employment within the Company terminates for certain reasons. The agreements will otherwise contain customary terms wherein some minor differences may occur due to national legal requirements.

#### **Warrant programme for the members of the board of directors**

The annual general meeting has also decided to issue warrants to the three external, i.e. independent from larger shareholders, members of the board of directors. In total the issue comprises up to 48,000 warrants, which entitles to new subscription of the corresponding number of shares in the Company. The participants are offered to subscribe for warrants at a market value. If the maximum number of warrants are exercised to subscribe for shares a dilutive effect will occur, corresponding in total to 0.4 per cent of the total number of shares in the Company, after the Offer has been carried out.

The price for the subscription of a share when exercising a warrant corresponds to 110 per cent of the price of shares in the Offer, and the participants may exercise the warrants during the period 1 April 2025–30 June 2025.

### **REMUNERATION DURING THE FINANCIAL YEAR 2020**

The table below shows all remuneration paid to members of the board of directors elected by the general meeting and to the executive management for the financial year 2020.

(SEK thousands)	Fee	Fixed salary	Variable salary	Pension	Other benefits	Total
<i>Members of the board of directors</i>						
Gert Wilhelm Munthe	-	-	-	-	-	-
Niklas Aronsson	-	-	-	-	-	-
Carolina Gebäck	-	-	-	-	-	-
Hans Petter Hauge	200	-	-	-	-	200
Amoldeep Judge	-	-	-	-	-	-
Fredrik Kongsli	-	-	-	-	-	-
Geir Moe	-	-	-	-	-	-
Sebastian Wossagk	-	-	-	-	-	-
<i>Executive management</i>						
Walker Kinman, CEO	-	2,087	453	518	-	3,057
Other members of the executive management	-	6,209	322	753	-	7,284

## Internal control

The board of directors' and the CEO's responsibilities for internal control is governed by the Swedish Companies Act and the Code.

According to the Swedish Companies Act, the board of directors of the company is responsible for the company's organisation and management of the company's affairs and shall ensure that the company's organisation is structured in such way that accounting, asset management and the company's financial conditions are controlled in a satisfactory manner.

The CEO of the company shall, according to the Swedish Companies Act, manage the day to day business according to the guidelines and instructions issued by the board of directors. Furthermore, the CEO shall take necessary measures to ensure that the company's bookkeeping is done in accordance with the law and that the asset management is handled in a satisfactory manner.

According to the Code, it is the responsibility of the board of directors to ensure that there are effective systems for follow-up and control of the company's operations. Furthermore, the board of directors shall, without affecting the board's responsibilities and tasks in general, monitor the company's financial reporting and, with regard to the financial reporting, monitor the efficiency of the company's risk management and internal control.

Internal control is by practice defined as a process affected by the board of directors, any audit committee, the CEO, other members of the executive management and other employees, and which is intended to provide a reasonable assurance that a company's goals are met, with respect to: appropriate and efficient operations, reliable reporting and compliance with applicable laws and regulations. The process for LMK Group's internal control is based on the control environment which provides the discipline and structure for the other four components of the process: risk assessment, control activities, information and communication, and monitoring.

Internal control over financial reporting is intended to provide reasonable assurances regarding the reliability of the external financial reporting in the form of quarterly and annual reports and financial statements as well as that the external financial reporting is prepared in accordance with applicable legislation and accounting standards and other requirements for listed companies. Ultimately, the responsibility for the internal

control rests with the board of directors, which continuously evaluates LMK Group's risk management and internal control.

## Auditing

The auditor shall audit the Company's annual report and accounts as well as the management by the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report and an audit report for the Group to the annual general meeting.

According to the Company's articles of association, the Company shall have at least one and at most two auditors, with or without a deputy auditor. A registered auditing company may be appointed as auditor. The Company's statutory auditor is appointed by the annual general meeting. The Company's independent auditor is KMPG AB, with Ingrid Hornberg Román as auditor-in-charge. The Company's auditor is presented in more detail in the section "*Board of directors, executive management and auditors – Auditors*".

The total remuneration to the Company's independent auditor in 2020 amounted to SEK 1.60 million, of which SEK 1.39 million was paid for audit engagements, SEK 0.06 million for tax advice and SEK 0.15 million for other services. In addition, SEK 0.2 million was paid to Beierholm for audit engagements in Denmark.

## Insider policy

The Company has prepared an insider policy document for the purpose of informing employees and others concerned within the Group of the laws and regulations applicable to the Company's dissemination of information and the special requirements imposed on persons who are active in a company listed on Nasdaq First North Premier Growth Market with regard to, for example, inside information. In this context, the Company has established routines for appropriate handling and limiting of the dissemination of information which has not been made public. The Company's CFO has the overall responsibility for handling of questions regarding inside information and keeping of an insider register.

# Share capital and ownership

As of the balance sheet date, December 31, 2020, the Company's share capital amounted to SEK 928,628, divided into 928,628 ordinary shares and preference shares of classes B, C, D and E, (316,043 ordinary shares, 474,102 preference shares of class B, 112,198 preference shares of class C, 297 preference shares of class D, and 25,988 preference shares of class E), all with a quota value of SEK 1. The Company's share capital, as of the day of the Prospectus, amounts to SEK 928,628 divided into 13,929,420 ordinary shares and preference shares of classes B, C, D and E (4,470,645 ordinary shares, 7,111,530 preference shares of class B, 1,682,970 preference shares of class C, 4,455 preference shares of class D, and 389 820 preference shares of class E), all with a quota value of SEK 0.066667. Each share carries one (1) vote at general meetings. Preference shares of all classes entail a preferential right over the ordinary shares to an annual dividend corresponding to 12 per cent of the subscription price for the relevant preference share class. To the extent that dividends are not paid out, the preference shares shall carry a right to receive any accrued amount before any profits are distributed to holders of ordinary shares. In the event of liquidation of the company, preference shares of all classes shall carry a right regarding distribution of the company's assets corresponding to (i) the subscription price for the relevant preference share class, and (ii) any accrued distribution of profits (including accrued dividend preference) for such preference share class, before distribution to the holders of ordinary shares.

All issued shares are fully paid.

The existing preference share structure will be dismantled in connection with the Offer and listing of the Company's shares on Nasdaq First North Premier Growth Market. Following completion of the Offer (i.e. after conversion of the ownership structure as described in the section "*Share capital and ownership – Conversion of previous ownership structure*", and the new issue in the Offer) there will only be one class of shares in the Company and each share will carry one (1) vote at general meetings, and all shares will have an equal right to the Company's assets in the event of liquidation and profit distribution. The Company's share capital

will amount to SEK 1,170,127 divided into 12,678,592 shares, each with a quota value of SEK 0.092292.

The ISIN-code for the Company's shares is SE0015556873. The Company's share capital is expressed in SEK and is distributed among the shares issued by the Company with a quota (par) value expressed in SEK. The Company's shares have been issued in accordance with Swedish law and the shareholders' rights may only be altered or modified in accordance with the Swedish Companies Act.

The Company's shares are registered with Euroclear, which is the central securities depository and clearing organisation for the shares in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*).

## Certain rights associated with the shares

Each share in the Company entitles the holder to one vote at the general meeting. Following the completion of the Offer all shares in the Company will carry equal rights to the Company's assets upon liquidation and distribution of dividends. Resolutions regarding dividends are passed by the general meeting. All shareholders registered as shareholders in the share register maintained by Euroclear on the record date adopted by the general meeting shall be entitled to receive dividends. Dividends are normally paid to shareholders in cash on a per share basis through Euroclear. If a shareholder cannot be reached through Euroclear, such shareholder still retains its claim on the Company to the dividend amount, subject to a limitation period of ten years. Upon expiry of the period of limitation, the dividend amount shall pass to the Company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Payments to such shareholders are made in the same manner as to shareholders in Sweden, however, the payments may be subject to limitations applied by banks and clearing systems in the jurisdiction concerned.

## Development of the share capital

The table below sets forth the changes in the Group's share capital for the period covered by the historical financial information in the Prospectus, and known changes thereafter.

Date of adoption	Date of registration with the SCRO	Transaction	Change in number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)	Quota (par) value (SEK)	Subscription price (SEK)
10 October 2019	15 January 2020	Cash issue <sup>1)</sup>	25,988	928,628	25,988	928,628	1	68.19
24 January 2021	1 March 2021	Share split 15:1	13,000,792	13,929,420	–	928,628	0.066667	–
15 March 2021	31 March 2021 <sup>2)</sup>	New issue <sup>3)</sup>	3,144,654	17,074,074	209,644	1,138,272	0.066667	0.066667
28 March 2021	31 March 2021 <sup>2)</sup>	Redemption of ordinary shares <sup>4)</sup>	-4,740,645	12,333,429	-316,043	822,229	0.066667	–
28 March 2021	31 March 2021 <sup>2)</sup>	Stock dividend issue	–	12,333,429	316,043	1,138,272	0.092292	–
28 March 2021	31 March 2021 <sup>2)</sup>	Reclassification <sup>5)</sup>	–	12,333,429	–	1,138,272	0.092292	–
28 March 2021	31 March 2021 <sup>2)</sup>	New issue <sup>6)</sup>	345,163	12,678,592	31,856	1,170,127	0.092292	79.50

1) New issue of 25,988 preference shares of class E.

2) Refers to anticipated date for registration.

3) Refers to the issue in the Offer of, by then, the only existing class of shares at the first day of trading. The issue is for issue technical reasons carried out as a quota share issue to Pareto Securities AB.

4) The redemption of the ordinary shares takes place as part of the conversion of the existing shareholder structure that is planned to obtain a share structure with only one class of shares before the listing.

5) Preference shares of all classes are reclassified to the new ordinary share class 1:1.

6) Refers to the directed new issue to Toft Nørgaard Holding ApS of, by then, the only existing class of shares in the Company.

## Dilution in terms of shareholding

At the annual general meeting of the Company held 14 March 2021, the Company resolved to establish two warrant programmes in accordance with what is further described in the section "Corporate governance – Remuneration for members of the board and executive management – Long-term incentive programme, warrants". The resolution involves the issuance of a maximum of a total of 355,200 warrants. If all these warrants were to be exercised in order to subscribe for new shares on the first day of trade it would imply a dilutive effect for the Company's shareholders of

2.8 per cent, calculated on the total outstanding number of shares in the Company, after the completion of the Offer (i.e. after the conversion of the ownership, as described in the section "Share capital and ownership – Conversion of previous ownership structure"), after the new issue in the Offer, and after the directed new issue to Toft Nørgaard Holding ApS.

Except what is described above, there are no outstanding convertible debentures, warrants or other financial instruments, which would if they were exercised imply a dilutive effect for the shareholders of the Company.

## Ownership structure prior to and following the Offer

The table below sets forth the shareholding of the Company immediately before and after the Offer, assuming that the conversion of the previous ownership structure is undertaken in accordance with what is described in the section "Share capital and ownership – Conversion of previous ownership structure" below. In addition to the Principal Shareholder, the other Selling Shareholders will sell shares in the Offer as presented in the table below. All the Selling Shareholders are available on the Company's address Stormbyvägen 2, 163 55 Spånga.

Shareholders	Before the Offer <sup>1)</sup>		After the Offer (assuming the Over-allotment Option is not exercised) <sup>6)</sup>		After the Offer (assuming the Over-allotment Option is exercised in full)	
	Number	%	Number	%	Number	%
Herkules Capital <sup>2)</sup>	2,687,377	28.19%	1,767,677	13.94%	1,469,351	11.59%
PopSpinach AB <sup>3)</sup>	1,842,766	19.33%	1,212,118	9.56%	956,412	7.54%
Rocky Beans AB <sup>4)</sup>	1,228,515	12.89%	808,081	6.37%	637,610	5.03%
Acton Capital	767,820	8.05%	505,050	3.98%	505,050	3.98%
Creandum <sup>5)</sup>	767,820	8.05%	505,051	3.98%	419,814	3.31%
Other shareholders	2,239,640	23.49%	1,591,307	12.55%	1,457,651	11.50%
New shareholders	0	0%	6,289,308	49.61%	7,232,704	57.05%
<b>Total</b>	<b>9,533,938</b>	<b>100%</b>	<b>12,678,592</b>	<b>100%</b>	<b>12,678,592</b>	<b>100%</b>

1) Provided that the dismantling takes place in accordance with the section "Share capital and ownership – Conversion of previous ownership structure". To illustrate the effect of the Offer, the resolved but not yet registered new issue of 3,144,654 shares in the Offer has not been included.

2) Through Herkules Private Equity IV (Jersey-I) L.P. and Herkules Private Equity IV (Jersey-II) L.P. Herkules owns shares in the Company indirectly through Linas Matkasse Holding II AS.

3) PopSpinach AB owns shares in the Company both directly, and indirectly through Linas Matkasse Holding II AS. PopSpinach AB is owned by Niklas Aronsson, one of the founders of LMK Group through the establishment of the subsidiary Carolinas Matkasse AB in 2008.

4) Rocky Beans AB owns shares in the Company both directly, and indirectly through Linas Matkasse Holding II AS. Rocky Beans AB is owned by Carolina Gebäck, one of the founders of LMK Group through the establishment of the subsidiary Carolinas Matkasse AB in 2008.

5) Through Creandum II L.P. and Creandum II Kommanditbolag.

6) All existing shareholders are offered to sell shares pro rata in the Offer and the total number of shares stated below is subject to such being the case.



## Information on the Selling Shareholders

Name	Address	LEI-code	Legal form	Country of incorporation and jurisdiction	Number of shares offered by each Selling Shareholder
Linas Matkasse Holding II AS <sup>1)</sup>	Klingenberggata 5, 0161 Oslo, Norge	98450084B91FA670CE36	Aksjeselskap	Norway	3,477,274 <sup>2)</sup>
Acton GmbH & Co. Heureka KG <sup>3)</sup>	Widenmayerstrasse 29, 80538 Munchen, Tyskland	391200ADOPAOA93OQl22	Kommanditgesellschaft	Germany	262,770
Creandum II L.P.	PO Box 669 Elm House St Julian's Avenue St Peter Port Guernsey, GY1 3SR	254900WKOATGFSY8878	Limited Partnership	Guernsey	204,855
Creandum II Kommanditbolag <sup>4)</sup>	Box 7068, 103 86 Stockholm, Sverige	549300WZKPX5HIARLU24	Kommanditbolag	Sweden	143,151

1) At the time of sale in the Offer, ultimately fully owned by Herkules Private Equity IV (Jersey-I) L.P. and Herkules Private Equity IV (Jersey-II) L.P., Address 11-15 Seaton Place, St Helier, Jersey, JE4 0QH, legal form Limited Partnerships, Jersey. Gert W. Munthe and Fredrik Kongsli, both partners at Herkules Capital, have been board members of the Company since 25 June 2018.

2) Includes 2,259,248 shares in the Company that are sold on behalf of other shareholders as part of the conversion of the previous shareholder structure.

3) Sebastian Wossagk, Managing Partner at Acton Capital, was a board member of the Company during the period 17 February 2020 to 24 January 2021.

4) Johan Brenner, General Partner at Creandum, was a board member of the Company during the period 22 August 2016 to 17 February 2020.

### Conversion of previous ownership structure

In order to facilitate and make possible the Offer, the existing preference share structure in the Company will, in connection with the Offering, be converted so that on the first day of trading in the Company's shares there is only one class of shares in the Company. The shares of the new class will be allocated between existing shareholders based on the value of previous shareholdings and the price in the Offer.

The conversion will be carried out in several steps. In order to obtain an appropriate number of shares, a split of existing shares 15:1 has been carried out. The conversion includes redemption of existing ordinary shares and re-stamping of all outstanding preference shares of all different classes (preference share classes B, C, D and E) to the only new class of shares. Furthermore, a number of shareholders who as of the day of the Prospectus constitute minority shareholders in Linas Matkasse Holding II AS (which in turn own shares directly in the Company) will convert their ownership to own shares directly in the Company. The number of shares in the Company that these shareholders receive is based on previous shareholding and the price in the Offer.

As of the date of the Prospectus, 41.52 per cent of the shares in the subsidiary RetNemnt.dk ApS ("RetNemt") are owned by the founder and CEO of RetNemt, through the company Toft Nørgaard Holding ApS. In connection with the Offer, Carolinas Matkasse AB intends to acquire half of Toft Nørgaard Holding ApS's shares in RetNemt against a promissory note of SEK 27.4 million that will be

redeemed with payment that flows into the Offer. The remaining half of the shares will be exchanged for shares in the Company through a directed new issue of SEK 27.4 million. The purchase price for the shares in RetNemt is based on a price formula, agreed upon in the shareholders' agreement, based on a multiple based on sales in RetNemt and sales in Carolinas Matkasse AB, respectively. The number of shares received in the Company through the new issue is based on the aforementioned price formula and the price in the Offer.

Following the conversion of the ownership structure in accordance with what is described above, including the directed share issue to Toft Nørgaard Holding ApS, the total number of outstanding shares of the only share class in the Company will be 9,533,938 shares (not including the resolved but not yet registered new issue of 3,144,654 shares in the Offer).

### Undertaking to refrain from selling shares

Under the agreement regarding placing of shares that is expected to be entered into on or about 28 March 2021 (the "Placing Agreement"), the Selling Shareholders have undertaken, subject to certain exceptions, not to sell their respective holdings during a certain period of time after the first day of trading in the shares on Nasdaq First North Premier Growth Market (the "Lock-up period"). The undertakings do not apply to shares sold in the Offer. The lock-up period for the Selling Shareholders will be 180 days, subject to exemption granted by the Joint Global Coordinators. The lock-up period for Rocky Beans AB, PopSpinach AB, shareholding board

members and shareholding employees, including executive management, will be 360 days, subject to exemption granted by the Joint Global Coordinators. Such exemptions refer to transfer of shares to a company wholly owned by the shareholder, accepting a general takeover offer made to all shareholders in the Company, transfers by reason of any offer by the Company to purchase its own shares which is made to all shareholders, disposals required by law, or otherwise following approval from Joint Global Coordinators. In the event that the Principal Shareholder sells shares in the Company, on one or more occasions, during the period 181–360 days after trading on Nasdaq First North Premier Growth Market has commenced, Rocky Beans AB and PopSpinach AB have the right to participate in such sale pro rata, that is, selling as large a part of their holdings as the Principal Shareholder sells in such a sale, notwithstanding their respective lock-up undertakings. After the expiration of

the Lock-up period, or, with the consent of the Joint Global Coordinators, prior to the expiration, the shares may be offered for sale, which may affect the market price of the shares.

## Net asset value per share compared to the price per share in the Offer

The table below shows the net asset value per share before and after the Offer (i.e. after dismantling the share structure in accordance with what is described in the section "*Share capital and ownership – Conversion of previous ownership structure*", and after the issue in the Offer and after the directed new issue to Toft Nørgaard Holding ApS). The net asset value before the Offer is based on the Group's equity attributable to the parent company's shareholders as of December 31, 2020. The price in the Offer amounts to SEK 79.50 per share.

SEK	Before the Offer (as of 31 December 2020)	After the Offer and the directed new issue to Toft Nørgaard Holding ApS
Total equity	274,928,000 <sup>1)</sup>	533,168,000 <sup>2)</sup>
Number of ordinary shares	316,043 <sup>3)</sup>	12,678,592 <sup>4)</sup>
Number of preference shares	612,585 <sup>5)</sup>	0
<b>Net asset value preference shares</b>	<b>0<sup>6)</sup></b>	<b>42.05</b>
<b>Net asset value preference shares</b>	<b>448.80</b>	<b>–<sup>7)</sup></b>

1) Refers to equity attributable to the parent company's shareholders.

2) Refers to LMK Group's equity as of 31 December 2020 increased with the gross proceeds from the Offer (SEK 250 million), and the directed new issue to Toft Nørgaard Holding ApS (SEK 27.4 million) and the effect on the consolidated accounts by reason of the settled bond debt attributable thereto (MSEK 4.9). Further, the amount has been reduced with transaction costs (MSEK 24.1).

3) Refers to the number of ordinary shares as of 31 December 2020, i.e. before the 15:1 split of shares resolved by the extraordinary general meeting on 24 January 2021.

4) The ordinary shares held by the Company after listing are of a different ordinary share class than the ordinary shares that were issued in the Company before the dismantling of the share structure.

5) Refers to the number of preference shares as of 31 December 2020, i.e. before the 15:1 split of shares resolved by the extraordinary general meeting on 24 January 2021.

6) The preference shares in the current share structure have preferential right before ordinary shares to distributions and to the Company's assets in the event of liquidation.

Since the total equity do not exceed the accrued preference share amount according to the articles of association, the net asset value for the ordinary shares equals zero.

7) After the Offer, there will be no preference shares issued in the Company.

## Dividend policy

In light of potential expansion, broadening the product and service offering, as well as potential M&A activities, the board of directors does not intend to propose any dividends in the short to medium term. Instead, generated cashflows are to be reinvested into growth. The Group's strong cash flow provides potential for a high dividend rate if the company cannot find suitable growth opportunities.

The company has not made any dividends during the period covered by the historical financial information in the Prospectus

## Shareholders' agreements etc.

Upon completion of the Offer, there will be no shareholders' agreement between the shareholders, aiming at creating a common influence over the Company, or that may result in a change of control of the Company.

## Restrictions on the disposal of holding of the Company's shares, takeover offers

At the time of the listing, the shares in LMK Group AB (publ) will be freely transferable. The shares are not subject to any transfer restrictions in

Sweden. Furthermore, the shares are not subject to any mandatory takeover bid, squeeze-out or sell-out process. No public takeover bid relating to the Company's shares has occurred since the Company was established.

Takeover rules for certain trading platforms, issued by the Swedish Corporate Governance Board, will apply to future public takeover bids for shares in the Company. In a takeover offer, the shareholders have the right, but not the obligation to sell their shares to the offeror on the terms and conditions set out in an offer document. Acceptances may be withdrawn up until such time when the offer is unconditional (i.e. when there are no outstanding conditions for the takeover offer). Mandatory offers may not be subject to conditions. A shareholder who reaches 30 per cent or more of the votes in the Company shall, pursuant to these rules, either make a mandatory offer for all shares in the Company, or to sell shares so that the shareholding falls below 30 per cent. A minority squeeze out can be initiated by a shareholder who holds more than 90 per cent of the shares in the Company.

# Articles of association

To be adopted at an extraordinary general meeting on 28 March 2021.

## § 1

The name of the company is LMK Group AB (publ). The company is public.

## § 2

The registered office of the company is in the municipality of Stockholm.

## § 3

The company shall, directly or indirectly, conduct on-selling of food and related services such as packing, home-delivery, planning and production of menus and recipes, and own and manage real property and chattels, and conduct activities related thereto.

## § 4

The share capital shall be not less than SEK 600,000 and not more than SEK 2,400,000. The number of shares shall be not less than 6,000,000 and not more than 24,000,000.

## § 5

The company's financial year shall be 1 January – 31 December.

## § 6

The board of directors shall consist of at least three and not more than nine directors with no deputy directors.

## § 7

The company shall have at least one and not more than two authorized auditors with or without deputy auditors. As auditor and, if applicable, deputy auditor, shall be elected an authorized public accountant or a registered public accounting firm.

## § 8

Notice to attend general meetings shall be issued by publishing in the Official Swedish Gazette (*Sw. Post- och Inrikes Tidningar*) as well as at the Company's website, no earlier than six weeks and no later than four weeks prior to the meeting. At the time of the notice, an announcement with information that the notice has been issued shall be published in Dagens Nyheter.

## § 9

Shareholders who wish to participate in a general meeting must be recorded in a transcription or other presentation of the register of shareholders at the record date for the General Meeting, determined in accordance with the Swedish Companies Act, and must notify the Company of their intention to attend no later than the day stipulated in the notice of the meeting. The latter-mentioned day may not fall on a Sunday, public holiday, Saturday, Midsummer's Eve, Christmas Eve or New

Year's Eve, nor may it fall earlier than the fifth weekday prior to the meeting. At a General Meeting, shareholders may be accompanied by one or two assistants, although only if the shareholders have given notification of this as specified in the previous paragraph.

## § 10

The annual general meeting is held each year within six months of the end of the financial year.

The following matters shall be addressed at the annual general meeting:

1. Election of a chairman of the meeting.
2. Preparation and approval of the voting register.
3. Approval of the agenda.
4. Election of one or two persons to attest the minutes.
5. Determination of whether the meeting was duly convened.
6. Presentation of the annual report and auditor's report and, where applicable, the consolidated financial statements and auditor's report for the group.
7. Resolutions regarding:
  - a. adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;
  - b. allocation of the company's profit and loss according to the adopted balance sheet; and
  - c. discharge from liability for board members and the managing director.
8. Determination of remuneration to the board of directors and the auditors.
9. Election of the board of directors and accounting firm or auditors.
10. Any other business incumbent on the meeting according to the Swedish Companies Act (2005:551) or the articles of association.

## § 11

Shareholders or trustees which on the record date are entered in the shareholders' register and noted in a Record day Register, according to chapter 4 of the Swedish Central Securities, Depositories and Financial Instrument Accounts Act (1998:1479) or noted on a Record day Account according to chapter 4 § 18 first paragraph 6-8 in the aforementioned law, shall be presumed to be authorised to exercise the rights in chapter 4 § 39 of the Swedish Companies Act (2005:551).

# Legal considerations and supplementary information

## Approval of the Prospectus

This Prospectus has been approved by the Swedish Financial Supervisory Authority, as competent authority under Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority approves the Prospectus only to the extent that it meets the requirements for completeness, comprehensibility, and consistency imposed by Regulation (EU) 2017/1129. The approval should not be regarded as any endorsement of the issuer or the quality of the securities referred to in the Prospectus. Investors should make their own assessment whether it is appropriate to invest in the securities.

The Swedish Financial Supervisory Authority approved the Swedish Prospectus on 16 March 2021. The Prospectus is valid for a maximum of twelve months from this date, provided that the Company fulfills the obligation under Regulation (EU) 2017/1129, if applicable, to provide supplements to the Prospectus, in the event of significant new factors, material mistakes or material inaccuracies, which may affect the valuation of the securities in the Company. The obligation to supplement the Prospectus applies from the time of approval to the end of the subscription period. The Company has no obligation to supplement the Prospectus after the end of the signup period.

## General corporate information and legal group structure

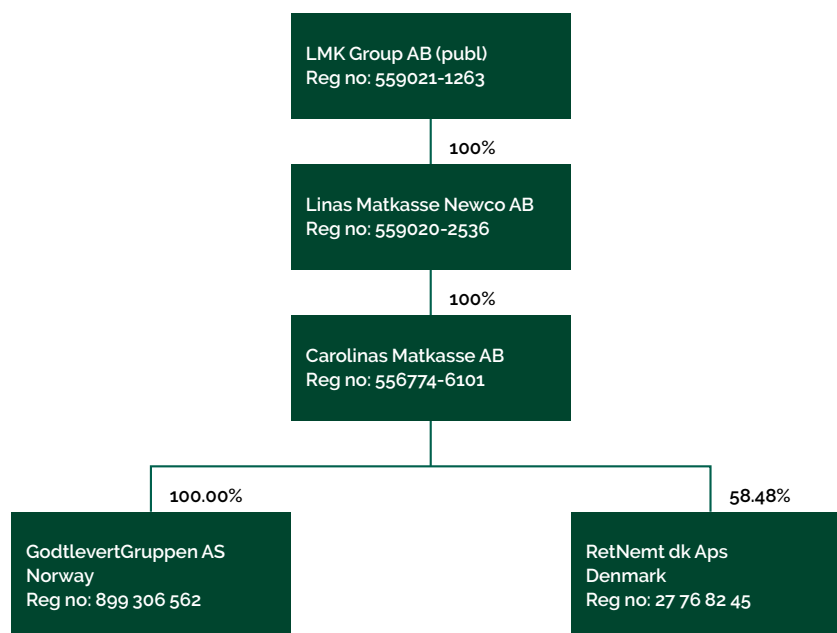
### GENERAL CORPORATE INFORMATION

The Company's activities are carried out in compliance with the Swedish Companies Act (2005:551). LMK Group AB (publ) (corporate registration number 559021-1263) is a Swedish public limited company that was established 26 May 2015 and registered with the Swedish Companies Registration Office on 17 July 2015. The Company has its registered office in Stockholm, Sweden. The Company's LEI (Legal Entity Identifier) is 529900HKIZBVX08VLG76.

The company's current name was registered on 3 March 2021. Pursuant to § 3 of the Company's Articles of Association, the Company's business object is to directly or indirectly conduct resale of food with associated services such as packing, home delivery, planning and production of menus and recipes, and own and manage real and personal property and thereto related activities.

## GROUP LEGAL STRUCTURE

LMK Group AB (publ) is a holding company and mainly conducts operations indirectly through its subsidiaries. The company has subsidiaries in Sweden, Norway and Denmark. Below is an overview of the legal structure of the Group, which shows all the Company's subsidiaries. All entities illustrated below are wholly owned unless otherwise stated.<sup>1)</sup>



## Agreements in the ordinary course of business

### CUSTOMER AGREEMENTS

The Group's customers consist exclusively of private individuals who order regular subscriptions of meals via the Group's website. As of December 31, 2020, the Group had approximately 115,000 active customers<sup>2)</sup>, and a customer's average purchase amounts to approximately SEK 700. A subscription has no binding period and can be canceled with approximately seven to eight days' notice. Customers' subscription purchases are regulated by the Group's general terms and conditions, which regulate, for example, payment and delivery terms. The customers are charged after the delivery of the products.

### SUPPLIER AGREEMENTS

The Group has a diversified base of suppliers of various products necessary for delivery of the Group's offering to end customers. The most important supplier agreements can be said to be the agreement with DAGAB Inköp och Logistik AB, which delivers approximately 52 per cent of all food to the Group in Sweden, as well as the agreements with T L Måkestad AS, First Seafood AS och Ytterøykylling AS, which delivers approximately 47 per cent of all food to the Group in Norway. Although the Group currently has certain suppliers who account for a relatively large share of all deliveries, the Company does not consider that in the long term it is dependent on any individual supplier to satisfy its need for deliveries. Most supplier agreements contain relatively short notice periods of three to six months. Some supplier

1) The legal structure shows the Group's subsidiaries after the conversion of the previous ownership structure, including the acquisition of a minority interest in RetNemt.dk ApS, in accordance with what is described in the section "Share capital and ownership - Conversion of previous ownership structure". As of the date of the Prospectus, the Group holds 58.48% of the shares in RetNemt.dk ApS.

2) An active customer is defined as a customer who has ordered at least one delivery in the last three months.

agreements also contain commitments from the Group that a certain proportion of all purchases within a certain product category must be made from a specific supplier.

### LOGISTICS AND TRANSPORT AGREEMENTS

The Group uses a number of external logistics suppliers to transport grocery bags to end customers. Overall, the Group does not consider itself dependent on any individual logistics supplier to satisfy its need for transport, but in some parts of the countries, especially the northern parts of Sweden and Norway, the number of available distributors is small, which is why dependence on individual distributors in these parts increases. The majority of the contractual relationships are based on the Group's standard terms. These standard terms and conditions contain clauses regarding, among other things, delivery times and responsibility for the supplier in the event of damage to the goods or if the supplier does not follow the Group's transport instructions.

### Material agreements

Presented below is a summary of significant agreements which the Group has entered into over the past two years, as well as all other agreements that the Group has entered into that contain obligations or entitlements that are material to the Group (other than agreements entered into within the scope of the ordinary course of business). The Group does not regard any specific agreements to be material to the Group's business as a whole, other than the agreements described below.

### SHAREHOLDER'S AGREEMENT REGARDING THE SHARES IN RETNEMT.DK APS

In connection with the Group's acquisition of a majority position in the Danish subsidiary RetNemt.dk ApS ("RetNemt") in 2016, Carolinas Matkasse AB entered into a shareholder's agreement with RetNemt's founder and remaining minority shareholder, Klaus Toft Nørgaard (through the company Toft Nørgaard Holding ApS), regarding the joint shareholding in RetNemt. In accordance with the shareholder's agreement, Nørgaard has the right to sell a certain part of his shareholding and convert the remainder into shares in LMK Group AB (publ). In connection with the Offer, the Group intends to acquire the remaining 41.52 per cent of the shares from Nørgaard, partly by cash payment, and partly by payment with newly issued shares in the Company, in accordance with what is described in section "Share capital and ownership – Conversion of previous ownership structure". The debt of SEK 59.8 million that has been booked up in Carolinas Mat-

kasse AB due to the contractual relationship with Toft Nørgaard Holding ApS will no longer remain after the completion of the above transactions. For further information, see the section "Historical financial information – The Group's consolidated financial reports (statements) as per and for the financial years ended 31 December 2020, 2019 and 2018 – Notes to the financial statements – Note 26".

### CORPORATE BOND FINANCING

The Company's wholly owned subsidiary Linas Matkasse NewCo AB has issued senior covered bonds per the date of the Prospectus at a total nominal outstanding amount of SEK 139 million. According to the bond terms, the bonds mature for payment on October 9 2022. For additional information on issued bonds, see section "Capitalization, indebtedment and other financial information – Financing arrangements".

The bond terms include a so-called change of control-clause which gives all bondholders a right to request in the event of such a change of control owner that the bonds be repaid an amount amounting to 101% of the nominal amount, plus accrued unpaid interest, within 60 days. Furthermore, Linas Matkasse NewCo AB has the right to redeem all outstanding bonds (partial redemption on the initiative of the issuer of the bonds is not possible) in advance to an amount that during 2021 amounts to 105% of the nominal amount, plus accrued unpaid interest.

In connection with the completion of the Offer, LMK Group intends to call for early redemption of the entire corporate bond, which amounts to approximately SEK 169 million per the day of the Prospectus, including accrued interest, guarantee fee, waiver fee and including the additional 5 per cent of the nominal amount that needs to be paid in the event of early redemption of the corporate bond by the company.

### PLACING AGREEMENT

According to the terms of the Placing Agreement relating to placing of shares in the Company, which is intended to be signed on or about 28 March 2021 between the Company, the Principal Shareholder<sup>1)</sup>, Creandum and Acton Capital<sup>2)</sup> and the Joint Global Coordinators, the Principal Shareholder and the Company undertake to sell respectively, the shares that are covered by the Offer to purchasers procured by the Joint Global Coordinators.

The Principal Shareholder (for own account as well as on behalf of PopSpinach AB, Rocky Beans AB and some smaller minority shareholders) and Creandum intends to grant the Joint Global Coor-

dinators an Over-Allotment Option to purchase up to 943,396 additional shares from the Principal Shareholder and Creandum, which may be exercised in whole or in part by the Stabilizing Agent, no later than 30 days from the first day of trading in the Company's shares. The Over-Allotment Option corresponds to a maximum of 15 per cent of the total number of shares in the Offer (excluding the exercising of the Over-Allotment Option) and may be exercised in order to cover potential over-allotments made in connection with the Offer.

Pursuant to the Placing Agreement, the Company provides customary representations and warranties to the Joint Global Coordinators, primarily relating to the accuracy of the information in the Prospectus, the compliance of the Prospectus, and the Offer with relevant legal and regulatory requirements, and the absence of any legal, and/or other, restrictions preventing the Company from entering into the Placing Agreement or completing the Offer. The Joint Global Coordinators placing commitments are conditional upon customary closing conditions which may be waived at the discretion of the Joint Global Coordinators. If the conditions in the Placing Agreement are not fulfilled, the shares may not be delivered or paid for pursuant to the Offer.

Under the Placing Agreement, subject to customary qualifications, the Company will undertake to indemnify the Joint Global Coordinators against certain claims under certain circumstances. Pursuant to the Placing Agreement, the Principal Shareholder, Acton Capital, Creandum, Carolina Gebäck and Niklas Aronsson, including the Company's executive management, undertake not to sell their shares during a lock-up period. The Lock-up Period for the Principal Shareholder and other Selling Shareholders who are not active in the Company will be 180 days, subject to certain exemptions which may be granted at the sole discretion of the Joint Global Coordinators. The Lock-up Period for PopSpinach AB, Rocky Beans AB as well as shareholders employed by the Group, including the Company's executive management, will be 360 days subject to certain exemptions which may be granted by the Joint Global Coordinators. In addition, the Company will undertake, subject to certain exceptions, during a period of 360 days from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market, not to (i) issue, allot, offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any

option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any shares or any securities convertible into or exercisable or exchangeable for shares in the Company, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of shares in the Company, whether any such transaction described in (i) or (ii) above is to be settled by delivery of shares sold in the Offer or such other securities, in cash or otherwise or (iii) submit to its shareholders a proposal to effect any of the foregoing, in each case, without the written consent of the Joint Global Coordinators (see further the section "*Share capital and ownership – Undertaking to refrain from selling shares*").

### STABILISATION

In connection with the Offer, Pareto as a stabilizing agent for the Joint Global Coordinators (the "Stabilizing Agent"), to the extent permitted by Swedish law, may carry out transactions to stabilize, maintain or otherwise affect the price of the Company's shares up to 30 days after the first day of trading in the Company's shares (the "Stabilization Period") on Nasdaq First North Premier Growth Market. Stabilization transactions aim to support the securities' market price during the Stabilization Period. The Stabilizing Agent may over-allocate shares or carry out transactions in order to maintain the market price of the shares at a higher level than that which might otherwise have prevailed in the market. However, the Stabilizing Agent is not obliged to carry out such transactions and there is no guarantee that such activities will be carried out. Such transactions can be carried out on all types of stock markets, the OTC market or in other ways. If the transactions are nevertheless carried out, they can be terminated at any time without notice, but must be terminated at the end of the above-mentioned 30-day period. No later than the end of the seventh trading day following the execution of stabilization operations, the Stabilizing Agent shall publish that stabilization measures have been performed, in accordance with Article 5 (4) of the EU's market abuse regulation 596/2014. Within one week after the end of the Stabilization Period, the Stabilizing Agent will publish whether stabilization was carried out, the date when stabilization was initiated, the last date on which action was taken and the price range within which the stabilization was made for each of the dates when stabilization measures were taken. Except

1) Through Linas Matkasse Holding II AS.

2) The other existing shareholders who sell shares in connection with the listing will enter into a so-called back-to-back agreement with the Principal Shareholder with respect to their sales of shares in the Offer.



as provided in laws or regulations, the Joint Global Coordinators or the Stabilizing Agent will not disclose the extent of the stabilization and/or over-allocation transactions in connection with the Offer.

### LICENSE AGREEMENT WITH ADAM BJERCK AND CAROLINA GEBÄCK

The Group has entered into a license agreement with Adam Bjerck and Carolina Gebäck regarding the use of Adam and Carolina's full names as well as images in the Group's marketing and communications. These licenses are cost free for the Group and subject to Adam and Carolina's approval of the respective marketing and communication materials. The current licenses with Adam and Carolina can be terminated with a 60-day notice period with regard to Carolina and 12 months in regard to Adam. Adam and Carolina's names and images are frequently used in the Group's communications and are an important part of the Group's current marketing strategy. The licenses do not apply to anything other than Adam and Carolina's full names and images, such as trademarks.

### ACQUISITION UNDERTAKINGS

Skandia Fonder AB on behalf of investment funds, and Skandia Mutual Life Insurance Company (together "Skandia"), Invus Public Equities, L.P. ("Invus"), Nordea Investment Management AB on behalf of Nordea Funds Ab ("Nordea"), Handelsbanken Fonder AB on behalf of investment funds under management ("Handelsbanken Fonder") and Argenta-Fund (the "Cornerstone Investors") have towards the Joint Global Coordinators and the Company, undertaken within the Offer, on the same conditions as for others investors, acquire shares corresponding to 7.94 per cent, 4.96 per cent, 4.86 per cent, 3.97 per cent, and 3.97 per cent respectively, of the total number of shares in the Company after the completion of the Offer. The undertakings of the Cornerstone Investors amount to totally 3,257,859 shares, corresponding to approximately 51.80 per cent of the number of shares in the Offer (approximately 45.04 per cent of the number of shares in the Offer assuming that the Over-allotment Option is exercised in full).

The Cornerstone Investors receive no compensation for the acquisition undertakings and the investments are made on the same terms as other investors in the Offer. The Joint Global Coordinators and the Company assess that the Cornerstone Investors have good credit rating and thus will be able to fulfil their undertakings. However, the acquisition undertakings are not secured

through a bank guarantee or other similar arrangements. Further, the acquisition undertakings are associated with certain conditions. If any of these conditions are not met, there is a risk that the acquisition undertakings are not fulfilled, which could have an adverse effect on the completion of the Offer.

Acquisition undertakings	Acquisition undertakings (% of the total number of shares in the Company after completion of the Offer)	Number of shares
Skandia	7.94%	1,006,289
Invus	4.96%	628,930
Nordea	4.86%	616,352
Handelsbanken Fonder	3.97%	503,144
Argenta-Fund	3.97%	503,144

### Claims, disputes and investigations

The Group is not a party to any disputes which can be expected to have a significant impact on the Group. A clear majority of the Group's disputes are customer complaints that have little effect on the Group.

### Permits and regulatory

The Group's operations, including food handling, are subject to extensive regulation. The operations are covered by Swedish food legislation and joint EU legislation on food such as *Regulation (EC) No 1924/2006 of the European Parliament and of the Council of 20 December 2006 on nutrition and health claims made on foods*. The operation does not need a special permit, but is subject to notification to local environmental authorities and is under the supervision of both environmental and food authorities.

The Group processes personal data as part of its operations. This means that the Group needs to live up to the requirements of GDPR, (*Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)*), which is something that the Group works actively with.

## Intellectual property rights

The Group's registered intellectual property rights are limited to brands and domain names. In addition to what is mentioned in the section "*License agreement with Adam Bjerck and Carolina Gebäck*" brands such as LINAS MATKASSE, ADAMS MATKASSE, RETMEMT MÅLTIDSKASSER and GODTLEVERT are important for the Group. These brands are registered in Sweden (LINAS MATKASSE), in Denmark (RETNET MÅLTIDSKASSER) and in Norway (ADAMS MATKASSE). For ADAMS MATKASSE, there is also a registration as an EU trademark. The registrations include goods and services that are relevant to the business. The group is prevented by agreement from expanding the brand "Linax" outside of Sweden and the USA. External service providers in Sweden, Norway and Denmark have assisted in managing and maintaining the Group's brands.

## Insurance

The Group holds, among others, insurances to cover all companies within the Group in respect of property damage and business interruption, general and products liability, legal expenses, directors' and officers' liability and cargo. According to the Company's assessment, the Group's current insurance coverage is adequate and consistent with industry practice and sufficient for the risks normally associated with the Group's business.

## Real estate

The Group does not own any properties. The Group currently rents 6 premises for production facilities, warehousing and offices, two in Sweden, three in Norway and one in Denmark. All leases are entered into with local landlords on terms customary for the industry with varying notice periods. The lease agreement for the Group's main production facility in Sweden has a notice period of 18 months, and the lease agreement for the main Norwegian production facility runs without the possibility of termination until 31 December 2029. According to most leases entered into, the Group has a customary maintenance responsibility for the premises internally and an obligation to restore when moving out.

## Environmental matters

The Group does not conduct any production and the risk of contamination of soil, water, air, etc. is therefore low. Environmental impact from the Group's business derive from the products managed and distributed by the Group (e.g. transports, energy and waste).

## Related party transactions

The Group deems that the transfer pricing between different companies within the Group is set on the basis of the principle of "arm's length", i.e. that the pricing corresponds to prices applicable between parties who are independent, well informed and with an interest in the conduct transactions. Apart from what is stated in note 31 in the section "*Historical financial information – The Group's consolidated financial reports (statements) as per and for the financial years ended 31 December 2020, 2019 and 2018 – Notes to the financial statements*", neither the Company, or any member of the Group has performed any transactions with related parties during the financial years which ended on December 31, 2020, 2019 and 2018 until the date of this Prospectus.

For information on compensation for members of the board of directors and the executive management of the Group, see section "*Corporate governance – Remuneration for members of the board of directors and executive management*" and note 6 in section "*Historical financial information – The Group's consolidated financial reports (statements) as per and for the financial years ended 31 December 2020, 2019 and 2018 – Notes to the financial statements*".

## Advisors

The Joint Global Coordinators provide financial advice and other services to LMK Group and the Principal Shareholder in connection with the Offer, for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offer. The Joint Global Coordinators have, from time to time, provided and may in the future provide the Company, the Principal Shareholder and parties related to the Principal Shareholder, services within the scope of the daily operations in connection with other transactions.

In connection with the Offer, the Company's and the Principal Shareholder's legal advisors will receive customary compensation for the advice

given. The legal advisors have also, from time to time, provided, and may in the future provide, the Principal Shareholder and parties related to the Principal Shareholder with legal advice within the scope of the daily operations in connection with other transactions.

## Certified Adviser

FNCA Sweden AB is the Company's elected Certified Adviser and monitors the compliance of the rules of Nasdaq First North Growth Market. FNCA Sweden AB does not hold any shares in the Company.

## Transaction costs

LMK Group's costs attributable to the Offer and the acceptance of its shares for trading on Nasdaq First North Premier Growth Market, including payment to the issuing institute and other advisors, and other estimated transaction costs are estimated to amount to approximately SEK 24.1 million.

## Webpage

The Company's website is [www.lmkgroup.se](http://www.lmkgroup.se). The information on the website is not a part of the Prospectus unless that information has been incorporated by reference in the Prospectus.

## Documentation made available for inspection

Copies of the Company's (i) articles of association and registration certificate, (ii) the Group's financial statements for the financial years ended which 31 December 2020, 2019 and 2018 respectively and (iii) this Prospectus are made available for inspection during office hours at the Company's head office, address Stormbyvägen 2, 163 55 Spånga, and is available throughout the Prospectus' period of validity in electronic form on the Company's website, [www.lmkgroup.se](http://www.lmkgroup.se).

# Taxation

The tax legislation in the state where an investor is taxable, and in the state where the issuer is registered, may affect the investor's income derived from securities.

The following is a summary of some of the Swedish tax matters that become relevant due to the Offer, particularly for individuals or limited liability companies that are fully taxable in Sweden. General information for shareholders that are limited liable to tax is also provided. The summary is based on applicable law and is only intended to provide general information, potential changes that occur after this date may have retroactive effect.

This description is not intended to exhaustively cover all tax matters that might arise in this context. This summary does e.g. not include shares that are held on an investment savings account and covered by the rules of standardized taxation, or shares held by partnerships, or shares that constitute inventory assets. Furthermore, this summary does not include the specific rules on tax exemption of capital gains and dividends (including the prohibition on deductions in the event of capital loss) in the corporate sector that may apply when shareholders hold shares that are covered by the Swedish participation exemption regime. Nor does the summary include the special rules that may be applicable to shares in companies that are, or have been, closely held companies, or to shares that have been acquired with support of such shares. Special tax rules apply for certain types of companies, for example investment companies, equity funds and insurance companies. The taxation of each shareholder depends on the shareholder's situation. Therefore, each shareholder should consult a tax advisor to receive information about any tax consequences that may arise in the shareholder's individual case, including the applicability and effect of foreign legislations and tax treaties. Any taxation of dividends and/or capital gains in other jurisdictions are not commented on in this summary but should be analyzed in the individual cases.

A committee, appointed by the Ministry of Finance, has had the assignment to compose a proposition on a new coupon tax act (Assignment to review the Coupon Tax Act regulation (Fi2017:c)). At the time of the Prospectus, the content of the

proposition is unknown but the proposition could, depending on the content and whether it results in legislation, affect the tax liability of the shareholders.

## Taxpayers with unlimited tax liability in Sweden

### NATURAL PERSONS

#### *Tax on dividends*

For natural persons, dividends on listed shares are taxed in the income class of capital at a tax rate of 30 per cent. For natural persons who are unlimited liable to tax in Sweden, a preliminary tax on dividends of a rate of 30% are normally withheld. The preliminary tax is withheld by Euroclear Sweden AB or, in the case of nominee registered shares, the Swedish trustee.

According to an applicable tax treaty, a Swedish natural person unlimited liable to tax, residing abroad, may be considered domiciled in the other contracting state. According to the provisions of the tax treaty, Sweden's right to tax dividends may be limited.

#### *Capital gains taxation*

When listed shares are disposed of, a taxable capital gain or a tax deductible loss may arise. Capital gains are taxed in the income class of capital at a tax rate of 30 per cent. The capital gain or loss is normally calculated as the difference between the sales price, after deduction of sales expenses, and the cost base. The cost base for all shares of the same type and variety are calculated jointly using the average cost method, alternatively, shareholders can choose to apply 20 per cent of the sales price, after deduction of sales expenses, to determine the cost base for the listed shares.

Losses on listed shares can be fully offset against taxable capital gains on listed and unlisted shares in Swedish limited liability companies and foreign legal entities, as well as other interests that have been realized during the same financial year. This does not apply to units in investment funds or special funds that only consist of Swedish receivables ("interest funds"). Losses on listed shares that cannot be offset in such a way may be deducted with up to 70 per cent against other incomes in the income class of capital. Losses on units in investment funds or special funds that only contain

Swedish receivables, so called interest funds, are on the other hand, 100 per cent deductible against other incomes in the income class of capital. If a deficit arises in the income category of capital, a tax reduction is allowed against municipal and state income tax as well as property tax and municipal property tax. Tax reduction is permitted with 30 per cent of the part of the deficit that does not exceed SEK 100,000 and 21 per cent of the remaining part. Such a deficit cannot be saved for subsequent tax years.

According to an applicable tax treaty, a Swedish natural person unlimited liable to tax, residing abroad, may be considered domiciled in the other contracting state. According to the provisions of the tax treaty, Sweden's right to tax capital gains may be limited.

### LIMITED LIABILITY COMPANY

#### *Dividend and capital gains tax*

For a limited liability company, all income, including taxable capital gains and dividends, in the income class of business, is taxed at the applicable tax rate of 20.6 per cent. Capital gains and losses are calculated in the same way as described above for natural persons. Losses on shares and other interests may only be deducted against taxable capital gains on shares and other interests that are taxed equally. Such a loss may also, if certain conditions are met, be offset against capital gains in companies within the same group, provided that the companies are eligible to exchange group contributions. A loss that cannot be utilized in a certain financial year may be rolled forward indefinitely and offset against taxable capital gains on shares and other interests during subsequent financial years.

## Shareholders with limited tax liability

### TAX ON DIVIDENDS

For shareholders who are limited liable to tax in Sweden and who receive dividends on shares in a Swedish limited liability company, Swedish withholding tax is normally levied. In Sweden, the withholding tax is normally withheld by Euroclear Sweden AB or, in the case of administrated shares, by the nominee.

The withholding tax rate is 30 per cent. However, the withholding tax rate is generally reduced for shareholders residing in jurisdictions with which Sweden has entered into tax treaties in order to avoid double taxation. Several of Sweden's tax treaties allow for a reduction of the Swedish withholding tax, to the applicable tax rate of the tax treaty, directly at the time of the dividend provided that the necessary information of the recipient of the dividend is made available to Euroclear.

In the cases where 30 per cent withholding tax has been withheld, when the recipient actually is entitled to a lower tax rate or in the case that too much withholding tax has been withheld, a refund can be requested from the Swedish Tax Agency before the end of the fifth calendar year after the dividend.

### CAPITAL GAINS TAXATION

Shareholders who are limited liable to tax in Sweden and who do not conduct business from a permanent establishment in Sweden are generally not taxed for capital gains in Sweden on the disposal of shares. However, shareholders may become taxable in their country of residence. According to a special tax rule, natural persons who are limited liable to tax in Sweden, may be subject to Swedish taxation on the disposal of shares if they, at the year of disposal of shares or the previous ten calendar years, have been domiciled or had the normal place of residence in Sweden. The applicability of this rule is often limited by tax treaties between Sweden and other contracting states.



Smaklig måltid!



# Historical financial information

The Group's consolidated financial reports (statements)  
as per and for the financial years ended 31 December 2020,  
2019 and 2018

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Consolidated statement of financial position	F-4
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Consolidated statement of cash flows	F-8
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## Consolidated income statement

1 January to 31 December

SEK thousands	Note	2020	2019	2018
Net sales	3	1,216,977	1,085,621	1,326,282
Other operating income		7,861	8,343	7,877
		<b>1,224,838</b>	<b>1,093,964</b>	<b>1,334,159</b>
Goods for resale		-746,951	-705,641	-920,488
Other external expenses		-162,178	-129,452	-228,297
Personnel costs	6	-180,400	-175,978	-217,291
Depreciation		-43,582	-45,736	-50,071
Impairment of goodwill and intangible assets	11	-	-182,000	-266,947
Capital gains/losses on disposal of subsidiaries		-	-	-11,231
Other operating expenses	5	-219	-397	-325
<b>Operating profit</b>		<b>91,508</b>	<b>-145,240</b>	<b>-360,491</b>
Interest income		172	424	163
Interest expenses		-27,532	-24,090	-20,274
Other financial income		1,640	905	353
Other financial expenses	8	-2,254	-2,768	-574
<b>Net financial items</b>	8	<b>-27,974</b>	<b>-25,529</b>	<b>-20,332</b>
<b>Profit/loss before tax</b>		<b>63,534</b>	<b>-170,769</b>	<b>-380,823</b>
Tax	9	3,735	-6,270	13,652
<b>Net profit for the year</b>		<b>67,269</b>	<b>-177,039</b>	<b>-367,171</b>
Profit/loss for the year attributable to:				
Parent company's shareholders		65,034	-177,367	-366,872
Non-controlling interests		2,235	328	-299
<b>Net profit for the year</b>		<b>67,269</b>	<b>-177,039</b>	<b>-367,171</b>
<b>Earnings per share SEK, before and after dilution</b>	10	<b>-11.71</b>	<b>-59.75</b>	<b>-97.04</b>



## Consolidated income statement and comprehensive income

1 January to 31 December

SEK thousands	Note	2020	2019	2018
<b>Net profit for the year</b>		<b>67,269</b>	<b>-177,039</b>	<b>-367,171</b>
<b>Other comprehensive income</b>				
<b>Items that have been or may be transferred to profit/loss for the year</b>				
Translation differences for the year when translating foreign operations		-40,819	7,513	11,275
Tax attributable to items that have been or may be reclassified to the year's result				
		<b>-40,819</b>	<b>7,513</b>	<b>11,275</b>
<b>Items that cannot be transferred to profit/loss for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the year</b>		<b>-40,819</b>	<b>7,513</b>	<b>11,275</b>
<b>Comprehensive income for the year</b>		<b>26,450</b>	<b>-169,527</b>	<b>-355,896</b>
Comprehensive income for the year attributable to:				
Parent company's shareholders		24,645	-169,805	-355,955
Non-controlling interests		1,805	278	60
<b>Comprehensive income for the year</b>		<b>26,450</b>	<b>-169,527</b>	<b>-355,896</b>

## Consolidated statement of financial position

SEK thousands	Note	2020-12-31	2019-12-31	2018-12-31	2018-01-01
<b>ASSETS</b>	28				
Goodwill	11	222,907	248,979	427,311	700,726
Trademarks	12	306,265	320,735	316,824	314,269
Customer contracts and relationships	13	24,607	39,174	52,161	66,017
Other intangible assets	14	16,662	18,350	15,762	41,656
<b>Total intangible assets</b>		<b>570,442</b>	<b>627,238</b>	<b>812,058</b>	<b>1,122,668</b>
Leasehold improvement	15	3,044	4,335	5,691	1,699
Machinery and other technical installations	16	4,792	5,023	5,541	5,491
Equipment	17	6,130	6,188	7,920	9,677
Rights of use	29	105,997	105,400	117,089	85,518
<b>Total tangible assets</b>		<b>119,963</b>	<b>120,947</b>	<b>136,242</b>	<b>102,384</b>
Financial investments		-	-	-	2,874
Deferred tax assets	9	24,302	8,580	9,651	9,972
Other non-current receivables		3,077	3,362	2,429	3,105
<b>Total other non-current assets</b>		<b>27,109</b>	<b>11,942</b>	<b>12,080</b>	<b>15,951</b>
<b>Total non-current assets</b>		<b>717,514</b>	<b>760,127</b>	<b>960,380</b>	<b>1,241,003</b>
Inventories	18	5,444	6,723	10,068	18,256
Accounts receivable	19	9,138	9,541	8,627	14,547
Tax assets	9	1,360	2,131	3,359	6,296
Prepaid expenses and accrued income	20	20,995	12,267	15,755	29,015
Receivables from Group companies		705	545	321	239
Other receivables		3,024	2,985	6,067	3,568
Cash and cash equivalents	21	80,416	9,829	10,495	47,231
<b>Total current assets</b>		<b>121,082</b>	<b>44,020</b>	<b>54,692</b>	<b>119,152</b>
<b>Total assets</b>		<b>838,596</b>	<b>804,147</b>	<b>1,015,072</b>	<b>1,360,156</b>

## Consolidated statement of financial position, *cont.*

SEK thousands	Note	2020-12-31	2019-12-31	2018-12-31	2018-01-01
<b>EQUITY</b>	22				
Share capital		929	929	903	903
Other contributed capital		912,569	912,569	910,823	910,823
Translation reserve		-15,025	25,362	17,800	6,883
Retained earnings including profit/loss for the year		-623,545	-676,477	-490,710	-125,739
<b>Equity attributable to shareholders in the parent company</b>		<b>274,928</b>	<b>262,383</b>	<b>438,815</b>	<b>792,870</b>
<b>Non-controlling interests</b>		<b>5,301</b>	<b>3,496</b>	<b>3,218</b>	<b>3,159</b>
<b>Total equity</b>		<b>280,229</b>	<b>265,879</b>	<b>442,033</b>	<b>796,028</b>
<b>Liabilities</b>	28				
Bond loans	23; 28	136,128	143,611	146,877	145,855
Liabilities to credit institutions	24	-	-	-	463
Non-current leasing liabilities	28; 29	94,071	91,501	101,474	74,412
Contractual liabilities	1	6,002	10,359	12,905	16,435
Other non-current liabilities	26	22,958	71,771	54,731	89,276
Deferred tax liabilities	9	69,601	76,024	77,859	91,269
<b>Total non-current liabilities</b>		<b>328,759</b>	<b>393,266</b>	<b>393,845</b>	<b>417,710</b>
Liabilities to credit institutions	23; 24	3,076	11,472	13,688	1
Current leasing liabilities	28; 29	21,749	21,588	21,442	14,901
Accounts payable	28	69,384	67,597	94,904	82,386
Tax liabilities	9	10,638	7,065	-	-
Other liabilities	26	87,329	8,013	8,811	16,800
Accrued expenses and prepaid income	27	37,432	29,267	40,350	32,330
<b>Total current liabilities</b>		<b>229,608</b>	<b>145,002</b>	<b>179,194</b>	<b>146,417</b>
<b>Total liabilities</b>		<b>558,367</b>	<b>538,268</b>	<b>573,040</b>	<b>564,128</b>
<b>Total equity and liabilities</b>		<b>838,596</b>	<b>804,147</b>	<b>1,015,073</b>	<b>1,360,156</b>

## Consolidated statement of changes in equity

SEK thousands	Equity attributable to shareholders in the parent company					Holding without determined Influence	Total Equity Capital
	Share Capital	Other Contributed Capital	Conversion Reserve	Balanced Earnings including this year's Results	Total		
Opening equity: 2018-01-01	903	910,823	6,883	-125,739	792,870	3,159	796,028
<b>Comprehensive income for the year</b>							
Net profit for the year				-366,872	-366,872	-299	-367,171
Other comprehensive income for the year			10,917		10,917	358	11,275
<i>Comprehensive income for the year</i>	-	-	10,917	-366,872	-355,955	59	-355,896
<b>Transactions with the Group's owners</b>							
<b>Transactions attributable to subsidiaries</b>							
Change in liability for issued put option to non-controlling interests				1,900	1,900		1,900
<i>Total transactions attributable to subsidiaries</i>	-	-	-	1,900	1,900	-	1,900
<i>Total transactions with the Group's owners</i>	-	-	-	1,900	1,900	-	1,900
Closing equity: 2018-12-31	903	910,823	17,800	-490,711	438,815	3,218	442,033

SEK thousands	Equity attributable to shareholders in the parent company					Holding without determined Influence	Total Equity Capital
	Share Capital	Other Contributed Capital	Conversion Reserve	Balanced Earnings including this year's Results	Total		
Opening: equity 2019-01-01	903	910,823	17,800	-490,711	438,815	3,218	442,033
<b>Comprehensive income for the year</b>							
Net profit for the year				-177,367	-177,367	328	-177,039
Other comprehensive income for the year			7,564		7,564	-50	7,514
<i>Comprehensive income for the year</i>	-	-	7,564	-177,367	-169,804	278	-169,526
<b>Transactions with the Group's owners</b>							
<b>Contribution from and value transfers to owners</b>							
New share emission	26	1,746			1,772		1,772
<i>Total contribution from and value transfers to owners</i>	26	1,746	-	-	1,772	-	1,772
<b>Transactions attributable to subsidiaries</b>							
Change in liability for issued put option to non-controlling interests				-8,400	-8,400		-8,400
<i>Total transactions attributable to subsidiaries</i>	-	-	-	-8,400	-8,400	-	-8,400
<i>Total transactions with the Group's owners</i>	26	1,746	-	-8,400	-6,628	-	-6,628
Closing equity: 2019-12-31	929	912,569	25,364	-676,478	262,384	3,496	265,879

## Consolidated statement of changes in equity, *cont.*

SEK thousands	Equity attributable to shareholders in the parent company				Total	Holding without deter- mined Influence	Total Equity Capital
	Share Capital	Other Contri- buted Capital	Conv- ersion Reserve	Balanced Earnings including this year's Results			
Opening: equity 2020-01-01	929	912,569	25,363	-676,478	262,384	3,496	265,879
<b><i>Comprehensive income for the year</i></b>							
Net profit for the year				65,034	65,034	2,235	67,269
Other comprehensive income for the year			-40,388		-40,389	-431	-40,819
<b><i>Comprehensive income for the year</i></b>	-	-	-40,388	65,034	24,645	1,805	26,450
<b><i>Transactions with the Group's owners</i></b>							
<b>Transactions attributable to subsidiaries</b>							
Change in liability for issued put option to non-controlling interests				-12,100	-12,100		-12,100
<b><i>Total transactions attributable to subsidiaries</i></b>	-	-	-	-12,100	-12,100	-	-12,100
<b><i>Total transactions with the Group's owners</i></b>	-	-	-	-12,100	-12,100	-	-12,100
Closing equity: 2020-12-31	929	912,569	-15,025	-623,545	274,929	5,301	280,229

## Consolidated statement of cash flows

1 January to 31 December

SEK thousands	Note	2020	2019	2018
	32			
<b>Operating activities</b>				
Profit/loss before tax		63,534	-170,769	-380,823
Income tax paid		-7,629	333	4,072
Adjustment for items not included in cash-flow		60,203	234,696	330,979
		116,108	64,260	-45,772
Increase (-)/Decrease (+) in inventories		988	3,606	8,827
Increase (-)/Decrease (+) in operating receivables		-8,359	3,089	17,324
Increase (+)/Decrease (-) in operating liabilities		13,494	-41,529	-1,663
<b>Cash flow from operating activities</b>		<b>122,231</b>	<b>29,426</b>	<b>-21,284</b>
<b>Investment activities</b>				
Acquisition of tangible assets		-4,540	-3,198	-9,167
Acquisition of intangible assets		-5,395	-7,642	-9,148
Divestments of subsidiaries/operations, net liquidity impact		-	-	1,653
Divestments of financial assets		-	-	2,624
Promissory notes receivable		-	-	-1,937
Payment deposit		-	-786	-35
<b>Cash flow from investment activities</b>		<b>-9,935</b>	<b>-11,626</b>	<b>-16,010</b>
<b>Financing activities</b>				
New share issue		-	1,772	-
Change in bank overdraft facility		-9,703	-3,678	13,381
Repurchase of bond share		-9,360	-	-
Amortization of loans		-	-	-748
Amortization of lease liability		-16,459	-17,212	-12,722
<b>Cash flow from financing activities</b>		<b>-35,522</b>	<b>-19,118</b>	<b>-89</b>
Cash flow for the year		76,774	-1,318	-37,383
Cash and cash equivalents at the beginning of the year		9,829	10,495	47,231
Exchange rate difference in cash and cash equivalents		-6,187	652	647
<b>Cash and cash equivalents at the end of the year</b>		<b>80,416</b>	<b>9,829</b>	<b>10,495</b>

# Notes to the financial statements

## Note 1 Important accounting principles

### (a) Compliance with standards and the law

The Group's Financial Statement has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Group Concerns has been applied. This is the first time IFRS has been applied to the Group. For further information, please see Note 2.

The financial statements have been approved for issuance by the board of directors and the CEO on 16 March 2021.

### (b) Valuation criteria applied when preparing the financial statements

Assets and liabilities are recognised at historical acquisition value.

### (c) Functional currency and reporting currency

The parent company's functional currency is SEK, which is also the reporting currency for the parent company and for the Group. This means that the financial reports are presented in SEK. All amounts, unless otherwise indicated, are rounded to the nearest thousand.

### (d) Assessments and estimates in the financial statements

The preparation of the financial statements in accordance with IFRS requires management to make assessments and estimates and to make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments.

Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period in which the change is made if the change only affected this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

Assessments made by management in the application of IFRS that have a significant impact on financial statements and estimates that may result in significant adjustments in the following year's financial statements are described in more detail in Note 34.

### (e) Material applied accounting principles

The accounting principles set out below have, with the exceptions described in more detail, been applied consistently to all periods presented in the Group's financial statements. The Group's accounting principles have also been applied consistently by the Group's companies.

### (f) New IFRS which is not yet in place

New and amended IFRS with future application is not expected to have a material effect on the company's financial performance.

### (g) Classification, etc.

Fixed assets consist essentially of amounts expected to be recovered or paid after more than 12 months from the balance sheet date, while current assets consist essentially of amounts expected to be recovered or paid within 12 months of the balance sheet date. Long-term liabilities consist in all material respects of amounts that the company at the end of the reporting period has an unconditional right to choose to pay beyond

12 months after the end of the reporting period. If the company does not have such a right at the end of the reporting period – or the liability is expected to be settled within the normal business cycle, then the amount of the debt is recognised as a short-term liability.

### (h) Consolidation principles and business acquisitions

#### (I) SUBSIDIARIES

Subsidiaries are companies that are under the control of LMK Group AB (publ). There is control if LMK Group AB (publ) has influence over the investment, is exposed to or is entitled to variable returns from its involvement and can use its influence over the investment to influence returns. The assessment of the existence of a controlling interest takes into account potential voting rights and whether de facto control exists. Subsidiary companies are reported according to the acquisition method and consolidated from the time the control is transferred to the Group (the time of acquisition).

The method implies that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the company's assets and takes over its liabilities. The acquisition analysis determines the fair value on the acquisition date of acquired identifiable assets and assumed liabilities as well as any non-controlling interests, with the exception of deferred tax. Transaction expenses, with the exception of transaction expenses attributable to the issue of equity instruments or debt instruments, which are incurred are reported directly in the year's profit/loss account.

In business acquisitions where transferred remuneration, possible non-controlling interests and the fair value of a previously owned share exceeds the fair value of acquired assets and assumed liabilities that are reported separately, the difference is reported as goodwill. When the difference is negative, so-called low-price acquisitions, this item is reported directly in profit for the year.

Goodwill and trademarks are not depreciated but tested for impairment at least once per year. Other intangible assets in the consolidated financial statements are amortized over the asset's expected economic life. For acquisitions made in 2015, non-controlling interests are recognised in proportion to the identifiable net assets of the acquired subsidiary.

#### (II) TRANSACTIONS ELIMINATED IN THE CASE OF CONSOLIDATION

Intra-group receivables and liabilities, income or expenses and unrealised gains or losses arising from intra-group transactions between Group companies are eliminated in full when preparing financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no need for impairment.

#### (III) ISSUED PUT OPTION TO NON-CONTROLLING INTERESTS

Issued put option to non-controlling owners refers to agreements that entitle them to sell shares in subsidiaries at a price determined by a formula fixed in the shareholders' agreement at a future date. The amount that may be paid if the option is exercised is initially recognised at the present value of the redemption price, which is valid at the time when the option can first be exercised, as a financial liability with an equivalent amount directly in equity in retained earnings. Changes in liability at subsequent valuation are also recognised directly against equity in retained earnings. In the event that the put option expires without its being exercised, the debt is written off and the corresponding adjustment is made to equity in retained earnings.

## (i) Foreign currency

### (I) TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currency are converted into the functional currency at the prevailing exchange rate on the transaction date. Functional currency is the currency of the primary economic environments in which the companies conduct their business. Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate prevailing on the balance sheet date.

Exchange differences arising from the recalculations are reported in profit for the year. Non-monetary assets and liabilities recognised at historical acquisition value are translated at exchange rates at the time of the transaction. Non-monetary assets and liabilities recognised at fair values are translated into the functional currency at the rate prevailing at the time of fair value measurement.

### (II) FOREIGN OPERATIONS' FINANCIAL STATEMENTS

Assets and liabilities in foreign operations, including goodwill and other Group surplus and undervalues, are translated from the functional currency of the foreign operation into the Group's reporting currency, SEK, at the exchange rate prevailing at the balance sheet date. Income and expenses in a foreign operation are translated into SEK at an average value that is an approximation of the prevailing exchange rates on each transaction date. Translation differences that arise from currency translation of foreign operations are reported in other comprehensive income and accumulated in a separate component in equity, referred to as translation reserves. Should the foreign business be not wholly owned, the conversion difference is allocated to non-controlling interest on the basis of its proportional ownership.

## (j) Revenue

### (I) PERFORMANCE COMMITMENTS AND REVENUE ACCOUNTING PRINCIPLES

Revenue is valued on the basis of the compensation specified in the contract with the customer. The Group recognises revenue when control over a good or service is transferred to the customer.

The Group's revenue consists mainly of revenue from the sale of goods (mealkits). The revenue is reported when the Group has delivered the goods to the customer. Since several types of goods are delivered at the same time, the Group has chosen not to allocate the replacement of the various goods in a mealkit on different performance commitments. Customer loyalty schemes that enable customers to acquire additional goods at a discount are considered to give the customer a substantial right and thus constitute a separate commitment, see below.

Payment is made by card payment or invoice. In case of card payment, the customer will be charged a few days after delivery. Invoices usually become due within 14 days, but to a large extent within the Group they are sold on to factoring with immediate payment without recourse. The smaller proportion of invoices that have recourse has been transferred to a bank and cash and cash equivalents received. These trade receivables have not been written off from the financial position statement because the company retains the principal risks and benefits, which is the credit risk. The amount received from the bank is reported as a bank loan.

### (II) CUSTOMER LOYALTY PROGRAMME

The Group has a customer loyalty program wherein the customer receives points for completed purchases. These are used to give the customer a discount on future purchases.

Loyalty points are reported as a separate delivery item. This is done by allocating part of the received compensation to loyalty

points, based on standalone sales prices and taking into account the number of points expected to be redeemed.

The amount allocated to the loyalty program is initially recognised as prepaid income (contractual liability) in the financial position report and is recognised as income when the loyalty points are exercised or matured. Loyalty Points must be repaid within 36 months, after which unused points expire.

## (k) Leasing

When an agreement is concluded, the Group assesses whether the agreement is, or contains, a lease. A contract is, or contains, a lease if it transfers the right to determine for a certain period the use of an identified asset in exchange for payment.

At the commencement of the lease or upon review of agreements that are found to contain several components, leasing and non-leasing components, the Group allocates the compensation under the contract to each component based on its stand-alone price. However, for leasing of buildings and land in which the Group is a lessee, the Group has chosen not to distinguish between non-leasing components and reports leasing and non-leasing components paid at fixed amounts as a single leasing component.

### (I) LEASES WHERE THE GROUP IS A LESSEE

The Group recognises a right of use asset and a lease liability at the start date of the lease. The right of use is initially valued at acquisition value, which consists of the initial value of the lease liability plus lease payments paid at or before the start date plus any initial direct expenses. The right of use asset is amortised on a straight-line basis from the start date to the earlier end of the asset's useful life and the end of the lease period, which is normally the end of the lease term for the Group. In the rarer cases where the acquisition value for the right of use reflects that the Group will exercise an option to purchase the underlying asset, the asset is amortised at the end of its useful life.

The lease liability – which is divided into long-term and short-term elements – is initially valued at the present value of the remaining lease payments over the expected lease period. The lease term consists of the non-terminable period plus additional periods in the contract if it is deemed reasonably certain at the start date that these will be utilised.

Leasing fees are normally discounted at the Group's marginal borrowing rate, which in addition to the Group/Entity's credit risk reflects the respective contract's leasing rate, currency and the quality of the underlying asset as intended collateral. However, where the implicit interest rate of the lease can be easily fixed, that interest rate is used, as is the case for parts of the Group's leases of production equipment.

The lease liability includes the present value of the following fees during the assessed lease period:

- fixed fees, including substantially fixed fees;
- variable leasing charges linked to the index or price ("rate"), initially valued using the index or price ("rate") that was in force at the start date;
- any residual value guarantees that are expected to be paid;
- the exercise price of a call option that the Group is reasonably confident of utilising and
- penalties payable on termination of the lease if the assessed lease period reflects that such termination will take place.

The value of the debt is increased by the interest expense for each period and is reduced by the leasing payments. The interest rate it is calculated as the value of the debt times the discount rate.

The leasing liability for the Group's premises with index-linked rent is calculated on the prevailing rent at the end of the



reporting period. At this time, the liability is adjusted with the corresponding adjustment to the right of use assets reported value. Similarly, the value of the liability and the assets are adjusted in case of a reassessment of the lease period. This occurs when the termination date within the previously assessed lease period for local leases has passed, or significant events occur, or the circumstances are significantly changed in a way that is within the Group's control and affects the current assessment of the lease term.

The Group presents right of use assets and lease liabilities as separate items in the statement of financial position.

For leases that have a lease term of 12 months or less or with an underlying asset of low value, less than SEK 50,000, no right of use asset or lease liability is recognised. Leasing fees for these leases are recognised as an expense on a straight-line basis over the lease period.

### (l) Financial income and expenses

The Group's financial income and expenses include:

- Interest income,
- Interest expenses,
- Dividends.

Interest income or expenses are reported according to the effective interest method. Dividends are recognised at the date on which the Group's right to payment is determined.

Interest income and expenses are calculated by the application of the effective interest method to the carrying amount of the asset (when the asset is not credit impaired) or at the accrued acquisition value of the financial liability. For financial assets that have become credit impaired after initial recognition, interest income is calculated by applying the effective interest rate to the accrued acquisition value of the financial asset. If the asset is no longer impaired, interest income is recalculated by the application of the effective interest rate on the gross carrying amount.

### (m) Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss for the year except where the underlying transaction is recognised in other comprehensive income or in equity, whereby the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is tax payable or obtained related to the current year, applying the tax rates that are determined, or de facto determined, at the balance sheet date. Current tax also includes adjustment of current tax attributable to earlier periods.

Deferred tax is reported according to the balance sheet method based on temporary differences between reported and tax values of assets and liabilities. Deferred tax is not recognised for any temporary differences in goodwill arising from the first accounting report. Furthermore, temporary differences relating to shares in subsidiaries where the date of reversal of the temporary difference can be controlled and is not expected to be reversed in the foreseeable future. Deferred tax for temporary differences is recognised only to the extent that the temporary difference is likely to be reversed in the foreseeable future and there are available taxable revenues towards which the temporary difference can be used. Deferred tax is calculated using the tax rates and rules determined, or de facto determined, at the balance sheet date.

### (i) DEFERRED TAX

Deferred tax assets are reported in the financial position report to the extent that it is likely that the tax benefit will be utilized. Deferred tax is calculated with the application of the tax rates and rules that are determined, or de facto determined, at the balance sheet date. Deferred tax assets and liabilities are recognised net when there is a legal right to offset taxable assets

and liabilities and the Group can and intends to settle the net tax payable.

The Group treats expenses as deductible and income as tax-free based on interpretation of relevant laws and regulations and when it is considered likely that such treatment will be approved by the Swedish Tax Agency. The Group recognises uncertain and disputed tax positions with the expected amount to be paid.

In the event of a loss occurring in the most recent periods, a deferred tax asset is recognised as a result of loss carry-forwards only to the extent that there is convincing evidence that sufficient future taxable income will be generated. Estimated forward taxable income is not considered as such evidence unless the company has demonstrated its ability to generate significant taxable income for the current year or there are other specific events that provide sufficient evidence that future taxable profits can be expected. Uncertainty about new transactions and events and the interpretation of new tax rules may also affect the assessment.

### (n) Financial instruments

Trade receivables are recognised when they are issued. The Group makes use of factoring. For the majority of accounts receivable transferred to the factoring company, the credit risk ceases, which is why the customer receivable is derecognized at that time. For a small proportion of transferred accounts receivable, the factoring company has a right of regress. These accounts receivable and debt to the factoring company are only derecognized once payment has been received from the customer. Other financial assets and financial liabilities are recognised when the group becomes a party to the contractual terms of the instrument.

### (I) FINANCIAL ASSETS

The Group's financial assets, primarily trade receivables and other receivables, are classified as valued at accrued acquisition value. These financial assets are measured at fair value plus transaction costs at initial recognition with subsequent valuation at accrued acquisition value in accordance with the effective interest method adjusted for reserves for expected credit losses. A receivable without a significant financing component is valued at the transaction price.

A financial asset shall be valued at accrued acquisition value if it meets both of the following conditions and is not identified as measured at fair value through profit or loss

- it is held within the framework of a business model whose objective is to hold financial assets for the purpose of obtaining contractual cash flows;
- the agreed terms of the financial asset give rise at specified times to cash flows which are only payments of principal and interest on the outstanding principal amount.

### (II) FINANCIAL LIABILITIES

The Group's financial liabilities are classified as valued at accrued acquisition value. Financial liabilities valued at accrued acquisition value mainly refer to trade payables, other current liabilities and interest-bearing liabilities. These liabilities are measured at fair value at initial recognition plus transaction costs with subsequent valuation at accrued acquisition value in accordance with the effective interest method. Reporting of liability issued put option to non-controlling interests, see section h consolidation principles and business acquisitions (iii) issued put option to non-controlling interests.

### (III) REMOVAL FROM THE STATEMENT OF FINANCIAL POSITION (DERECOGNITION)

#### **Financial assets**

The Group derecognizes a financial asset from the statement of financial position when the contractual rights to the cash flows from the financial asset cease or if it transfers the right to receive the contractual cash flows through a transaction in which substantially all risks and benefits of ownership have been transferred or in which the Group does not transfer or materially retain all the risks and benefits of ownership and it does not retain control over the financial asset.

#### **Financial liabilities**

The Group derecognizes a financial liability from the statement of financial position when the commitments stated in the agreement are fulfilled, annulled or terminated. The Group also derecognizes a financial liability when the contractual terms are modified and the cash flows from the modified liability are significantly different. In this case, a new financial liability at fair value is recognised based on the modified terms.

When a financial liability is derecognized, the difference between the carrying amount that has been removed and the consideration paid (including transferred non-monetary assets or assumed liabilities) is recognised in profit or loss.

### (IV) IMPAIRMENT OF FINANCIAL ASSETS

#### **Financial instruments**

The loss reserve for trade receivables is always valued at an amount corresponding to expected credit losses during the remaining term of the receivable.

When it is determined whether a financial asset's credit risk has increased significantly since the initial recognition and when calculating expected credit losses, the Group assumes reasonable and verifiable information that is relevant and available without unnecessary costs or resources. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and credit assessment and including forward - looking information. The Group applies the simplified method for calculating expected credit losses.

The Group estimates that the credit risk on a financial asset has increased significantly if it is overdue by more than 30 days.

The Group assesses that a financial asset is in default when:

- it is unlikely that the borrower will pay all his credit obligations to the Group, without the Group having recourse such as realising a security (if any is held); Or
- the financial asset is overdue more than 90 days.

#### **Presentation of reserves for expected loan losses in the statement of financial position**

Loss reserves for financial assets valued at accrued acquisition value have been deducted from the gross value of the assets.

#### **Write-off**

The carrying gross value of a financial asset is written off when the Group has no reasonable expectation of recovering the financial asset in whole or in part. For individual customers, the Group has a policy of writing off the carrying gross value when the financial asset has been in default for 90 days based on historical experience of the recovery of similar assets. For corporate customers, the Group makes individual assessments of the time and amount of write-off based on whether there are reasonable expectations for recovery. Factoring does not take place for corporate customers. The Group has no expectations of significant recovery of the amounts written off. However, financial assets that have been written off may still be subject to enforcement measures to comply with the Group's procedures for recovering overdue amounts.

### (o) Tangible fixed assets

Tangible fixed assets are reported in the Group at acquisition value after deductions for accumulated depreciation and any write-downs. The acquisition value includes the purchase price and expenses directly attributable to the asset to bring it into place and into a condition where it may be used in accordance with the purpose for which it was acquired.

The carrying amount of a tangible fixed assets is removed from the statement of financial position on scrapping or divestment. The gain or loss arising from the scrapping or divestment of an asset is the difference between the selling price and the carrying amount of the asset. Profit and loss are recognised as other operating income/expense.

### (I) ADDITIONAL EXPENSES

Additional expenses are added to acquisition value only if it is likely that the future economic benefits associated with the asset will be allocated to the enterprise and that the acquisition value can be reliably calculated. An additional expenditure is added to the acquisition value if the expenditure relates to the replacement of identified components or parts thereto. Other expenses for repairs and maintenance are shown as an expense in the period in which they arise.

### (II) DEPRECIATION PRINCIPLES

Depreciation occurs on a straight-line basis over the estimated period of use of the asset. Depreciation is made to the estimated residual value, which is normally estimated at zero. Leased assets are also amortised over their estimated useful life or, if shorter, over the agreed lease period. The depreciation methods used, residual values and useful lives are reviewed at the end of each year.

Estimated useful lives:

- |  |                 |
|--|-----------------|
| - Leasehold improvement costs          | Contract length |
| - machinery and technical fixed assets | 3 - 5 years     |
| - Equipment                            | 5 years         |

### (p) Intangible assets

#### (I) GOODWILL

Goodwill is valued at acquisition value less any accumulated write-offs. Goodwill arising from business combinations is not amortised. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies arising from the goodwill-generating unit and is tested at least annually for impairment.

A cash-generating unit is the smallest identifiable group of assets that gives rise to payment, and that is essentially independent of other assets or groups of assets. In order to identify whether cash flows from an asset (or group of units) are independent of cash flows from other assets (or group of units), management considers various factors, including how the business is tracked e.g. based on service or product areas, areas of activity or geography. Any cash-generating unit or group of cash-generating units where goodwill has been allocated to represent the lowest level in the enterprise where goodwill is monitored internally.

#### (II) OTHER INTANGIBLE ASSETS

Intangible fixed assets mainly consist of brands and customer relationships that are reported as a result of business acquisitions. Expenditure on development is activated to the extent that the future economic benefits associated with the development of an intangible fixed asset can be identified and calculated in a reliable manner. Intangible fixed assets are reported at acquisition value less accumulated depreciation and possible write-downs.

Expenses for development are recognized as an asset to the extent the economic benefits related to the development

of an intangible asset are identifiable and can be reliably calculated. Intangible fixed assets are recognized at acquisition value less accumulated depreciation and potential write-offs. Expenses for development, where research results or other knowledge is applied to achieve new or improved products or processes, are recognized as an asset in the statement of financial position if the product or process is technically and commercially useful and the enterprise has sufficient resources to complete the development and subsequently use or sell the intangible asset. The carrying amount includes all directly attributable expenses; e.g. for materials and services, employee remunerations, registration of a legal right, depreciation of patents and licences, loan expenses in accordance with IAS 23. Other expenses for development are reported in the profit and loss statement for the year as an expense when they arise.

### (III) DEPRECIATION PRINCIPLES

Depreciation is reported in the profit and loss statement for the year on a straight-line basis, over the estimated useful lives of intangible assets to the estimated residual value of zero.

The estimated useful lives are:

- customer contracts and relationships 7 years
- other intangible assets 5 years

### (q) Inventories

Inventories are valued at the lower of acquisition value and net realisable value. The acquisition values of inventory items are calculated by applying the first-in, first-out (FIFO) method and include expenses incurred in the acquisition of inventories and their transportation to their current location and state.

### (r) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances with a maturity of less than three months from the acquisition.

### (s) Impairment losses

The Group's reported assets are assessed at each balance sheet date to determine whether there is an indication of impairment. IAS 36 is applied to impairment losses of assets other than financial assets which are reported in accordance with IFRS 9, inventories and deferred tax assets. For excluded assets as described above, the carrying amount is assessed according to the respective standard.

### (I) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

If an indication of impairment is available, the recoverable amount of the asset is calculated (see below). In addition, for goodwill, other intangible with an indeterminable useful life and intangible assets that are not yet ready for use, the recoverable amount is calculated annually. If it is not possible to establish substantially independent cash flows to an individual asset, and its fair value less selling costs cannot be used, the assets are grouped when assessing impairment requirements to the lowest level where substantially independent cash flows can be identified – a so-called cash-generating entity.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit (group of units) is higher than the recoverable value. An impairment loss is recognised as an expense in the profit and loss statement for the year. Where impairment is identified for a cash-generating unit (group of units), the write-down amount is allocated firstly to goodwill. Thereafter, a proportional impairment of other assets included in the unit (group of units) is made. The carrying amount of a single asset is not reduced below the recoverable amount or zero. An impairment loss is recognised as an expense in the profit and loss statement for the year.

The recoverable amount is the highest of fair value less selling costs and value in use. When calculating the value in

use, future cash flows are discounted by a discount factor that takes into account risk-free interest rates and the risk associated with the specific asset.

### (II) REVERSAL OF IMPAIRMENT

An impairment loss on assets included in the IAS 36 application area is reversed if there is both an indication that the impairment requirement no longer exists and there has been a change in the assumptions on which the recoverable amount was calculated. However, impairment of goodwill is never reversed. A reversal is made only to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less depreciation where applicable, if no impairment loss had been made.

### (t) Dividends

Dividends paid to the company's shareholders are reported during the current financial year when approved, at the latest with publication of the annual report. Dividends are recognised as liabilities after the Annual General Meeting has approved the dividend.

### (u) Employee remunerations

#### (I) SHORT-TERM REMUNERATIONS

Short-term employee remunerations are calculated without a discount and are recognised as an expense when the related services are received.

A provision is recognised for the expected cost of profit-sharing and bonus payments when the Group has a current legal or informal obligation to make such payments as a result of services received from employees and the obligation can be calculated reliably.

#### (II) DEFINED CONTRIBUTION PENSION PLANS

Defined contribution pension plans are those plans where the company's obligation is limited to the contributions the company has undertaken to pay. In such a case, the size of the employee's pension is dependent upon the contributions that the company pays to the plan or to an insurance company and the return on capital that the contributions provide. Consequently, it is the employee who bears the actuarial risk (that the remuneration will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected remuneration).

The company's obligations regarding contributions to defined contribution plans are recognised as an expense in the profit and loss statement for the year at the rate they are earned by the employees performing services on behalf of the company over a period.

### (v) Contingent liabilities

Disclosure of contingent liability is made when there is a possible commitment arising from past events and the incurrence of which is confirmed solely by one or more uncertain future events beyond the Group's control, or when there is an obligation that is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required or cannot be calculated with sufficient reliability.

### (w) Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents include cash and bank balances. Cash received and payments made are reported separately for investment and financing activities, while operational activities include both cash and non-cash flows. Interest received and paid, and dividends received are reported as part of operational activities. Dividends paid are included as part of the financing activities.

## Note 2 Explanations with respect to transition to IFRS

This financial report for the Group is the first prepared in accordance with IFRS, as shown in Note 1.

The accounting principles set out in Note 1 have been applied in the preparation of the Group's financial statements for the financial year 2020 and for the comparison years 2019 and 2018 and for the Group's opening balance on 1 January 2018. The Company has not previously prepared any consolidated financial statements, which is why there are no differences to be disclosed.

### IFRS 3 Business acquisitions

In the financial statements, when transitioning to IFRS, IFRS 3 has been applicable to all business acquisitions made from and including September 9, 2015.

### IFRS 16 Leases

In the transition to IFRS, the Group has chosen to assess whether a contract is a lease under IFRS 16 based on the facts and circumstances that prevailed as of 1 January 2018. Exceptions have been made for contracts with the remaining lease term of a maximum of 12 months from 1 January 2018 and for low value leases (underlying asset value < SEK 45,000). Any direct expenses have been excluded from the right of use as of 1 January 2018. When assessing the leasing period if the agreement contains opportunities to extend or terminate as of 1 January 2018, estimates made retrospectively have been applied.

In the opening balance as of 1 January 2018, the lease liabilities have been valued at the present value of the remaining lease payments, discounted by the Group's marginal borrowing rate on the first day of application (1 January 2018). The right of use asset has been valued at the carrying amount as if IFRS 16 had been applied from the start date of the lease based on the marginal borrowing rate in force at initial recognition. The Group applies this method to its largest property leasing agreements, and for other agreements to an amount corresponding to the leasing liability, adjusted for any prepaid or accrued leasing fees. In the opening balance as of 1 January 2018, the Group has reported right of use assets of SEK 85,518,000 and leasing liabilities of SEK 89,313,000, of which SEK 14,901,000 are current lease liabilities.

### Note 3 Revenue, cont.

#### Contractual balances

Information on receivables and contractual liabilities from contracts with customers is summarised below.

SEK thousands	Note	31 December 2020	31 December 2019	31 December 2018
Accounts receivable		9,138	9,541	8,627
Contractual liabilities		6,002	10,359	12,905

Contractual liabilities consist of customer loyalty points that have not been utilised. The Group has customer loyalty programs that run for 36 months, which means that the income attributable to these programs will be reported over the next three years. In the event that the customer has not made any purchases in the last three months, the points earned will expire.

Of the opening contractual debt as of 2018-01-01, 2019-01-01 and 2020-01-01, approximately one third has been recognised as income in 2018, 2019 and 2020, respectively.

## Note 3 Revenues

### Revenue streams

SEK thousands	2020	2019	2018
<b>Revenue from contracts with customers</b>	<b>1,216,977</b>	<b>1,085,621</b>	<b>1,326,282</b>
Other operating income	7,861	8,343	7,877
	<b>1,224,838</b>	<b>1,093,964</b>	<b>1,334,159</b>

Net sales refer to the sale of mealkits containing well-planned and healthy recipes and food.

### Distribution of revenue from contracts with customers

The distribution of revenue from contracts with customers in main geographic markets, major product and service areas and the time of revenue recognition are summarised below.

SEK thousands	2020	2019	2018
<b>Geographic market</b>			
Norway	577,368	536,394	621,594
Sweden	487,322	423,720	553,145
Denmark	160,149	133,850	136,021
Other countries	-	-	23,399
<b>Time of revenue recognition</b>			
Goods recognised at a given time	1,216,977	1,085,621	1,326,282
<b>Total Revenue from contracts with Customers</b>	<b>1,216,977</b>	<b>1,085,621</b>	<b>1,326,282</b>
Other income	7,861	8,343	7,877
<b>Total External Revenue</b>	<b>1,224,838</b>	<b>1,093,964</b>	<b>1,334,159</b>

## Note 4 Operating segments

The Group's operations are divided into operating segments based on which parts of the business the company's top decision makers follow up, so-called "management approach" or company's management perspective.

The Group's operations are organised in such a way that Group management makes forecasts and monitors the results generated in the Group's various geographic markets. Every operating segment has its own operational business and regularly reports the outcome of the operating segment's performance and resource requirements to Group Management. As Group Management monitors the results of operations and decides on resource allocation based on the geographical markets, these constitute the Group's operating segments.

The Group's internal reporting is therefore structured so that group management can monitor all geographical markets' performances and results. It is on the basis of this internal reporting that the Group's segments have been identified, as the different parts have undergone a process aimed at merging segments that are similar. This means that segments have been merged when they have similar economic characteristics, such as similar gross margins, and that production processes, customers and distribution methods; and that they operate in an environment with similar regulations.

The classification into operating segments is based on different geographical markets.

The following operating segments have been identified:

- Norway
- Sweden
- Denmark
- Other countries

The operating segments' results have included directly attributable items and items that can be allocated to the segments in a reasonable and reliable manner. The reported items in operating segments' earnings are valued in accordance with the earnings that the company's top decision makers follow up.

Transfer prices between the Group's different operating segments are set on the basis of the principle of "arm's length" i.e. between independent parties, well informed and with an interest in the conduct of transactions.

### Operating segments

SEK thousands	Norway			Sweden			Denmark			Other countries			Group-wide and Eliminations			Total consolidated		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Net sales from external customers	574,326	532,695	615,629	482,168	419,080	551,455	160,483	133,846	135,973	-	-	23,225	-	-	-	1,216,977	1,085,621	1,326,282
Net sales from other segments	113	367	53	679	170	1,139	-	-	-	-	-	-	-792	-537	-1,192	-	-	-
Operating profit before depreciation (EBITDA)	69,157	53,494	11,631	46,074	15,646	-52,164	9,693	3,530	2,132	-	-	-3,449	10,385	10,223	9,932	135,309	82,893	-31,917
Depreciation																-43,582	-45,736	-50,071
Impairment losses on goodwill and intangible assets																-	-182,000	-266,947
Capital gains/losses on divestments of subsidiaries																-	-	-11,231
Other operating expenses																-219	-397	-325
Financial items, net																-27,975	-25,529	-20,332
Consolidated profit before tax																63,533	-170,769	-380,823

The column "Group-wide and eliminations" for "Operating profit", refers to costs for Group-wide functions of -12,7 (2019: -13,4) (2018: -8,0) MSEK as well as differences in accounting principles of 23,1 (2019: 23,6) (2018:17,9) MSEK. The differences in accounting principles between the information regarding the operating segments and the principles applied in the preparation of the financial statements consist of the application of IFRS 16 Leasing.

### Geographical areas

SEK thousands	2020	2019	2018
Fixed assets			
Norway	304,552	351,401	422,719
Sweden	352,235	368,070	496,103
Denmark	33,618	28,713	29,478
Other countries	-	-	-
	<b>690,405</b>	<b>748,185</b>	<b>948,300</b>

### Information about major customers

The group has no major customers.

## Note 5 Other operating expenses

SEK thousands	2020	2019	2018
Exchange losses on receivables/liabilities of an operating nature	-219	-397	-325
Other	-	-	-
	<b>-219</b>	<b>-397</b>	<b>-325</b>

## Note 6 Employees, personnel expenses and remuneration to senior executives

### Costs for employee remunerations

SEK thousands	2020	2019	2018
Salaries and allowances, etc.	137,886	132,408	163,061
Pension costs, defined contribution plans (see further note 25)	6,559	8,000	8,513
Social security contributions	26,149	26,433	35,127
Other payments	9,806	9,137	10,590
	<b>180,400</b>	<b>175,978</b>	<b>217,291</b>

### Average number of employees

	2020	of which men	2019	of which men	2018	of which men
Sweden	104	53%	118	46%	171	47%
Denmark	55	42%	51	35%	57	28%
Norway	99	52%	101	60%	118	40%
Finland	-	-	-	-	5	0%
<b>The group total</b>	<b>258</b>	<b>50%</b>	<b>270</b>	<b>49%</b>	<b>346</b>	<b>42%</b>

### Gender balance in management

	2020-12-31 Percentage of women	2019-12-31 Percentage of women	2018-12-31 Percentage of women
Boards	5%	20%	18%
Other senior management	33%	20%	14%

### Salaries and other remuneration and pension costs for senior executives in the Group

	2020 Senior management (6 persons)	2019 Senior management (6 persons)	2018 Senior management (6 persons)
Salaries and other allowances (of which bonuses, and the like)	9,471	11,103	9,072
Pension Costs	1,271	1,384	1,429

## Note 7 Costs of remuneration to auditors

SEK thousands	2020	2019	2018
<i>KPMG</i>			
Auditing assignments	1,390	999	930
Auditors' activities over and above the auditing assignment	154	77	221
Tax advice	60	72	7
<i>Beierholm</i>			
Auditing assignments	197	128	103

The term, "Auditing assignment" should be taken to mean statutory audits of the annual and consolidated accounts and accounting, as well as the management by the Board of Directors and the CEO, together with audits and other tasks of an accounting nature carried out in accordance with agreement or contract.

These include other tasks that are the responsibility of the company's auditor to carry out as well as to provide advice or other assistance prompted by observations made during such audit or through the performance of other such tasks.

## Note 8 Net financial items

SEK thousands	2020	2019	2018
Interest income	172	424	163
Other financial income	1,640	905	353
<b>Total interest income derived from financial assets valued at amortised acquisition value</b>	<b>1,812</b>	<b>1,329</b>	<b>516</b>
Financial liabilities that are valued at accrued acquisition value			
Corporate bond	-	-	-17
Interest expenses to credit institutions	-19,849	-15,867	-13,940
Interest expenses relating to Leasing	-6,635	-6,404	-5,211
Other interest expenses	-1,048	-1,818	-1,107
Exchange rate losses	-93	-1,307	-557
Guarantee fee	-2,140	-1,444	-
Other financial expenses	-21	-17	-18
<b>Financial expenses</b>	<b>-29,786</b>	<b>-26,858</b>	<b>-20,848</b>
<b>Net financial items reported in Earnings</b>	<b>-27,974</b>	<b>-25,529</b>	<b>-20,332</b>

## Note 9 Taxes

### Reported in the profit and loss statement

SEK thousands	2020	2019	2018
<b>Current tax expense</b>			
Tax expense for the year	-14,472	-8,313	-334
Adjustment of tax attributable to previous years	-	-	6
	-14,472	-8,313	-327
<b>Deferred tax expense</b>			
Deferred tax on temporary differences	18,207	2,043	9,515
Deferred tax due to changes in tax rates	-	-	4,464
	18,207	2,043	13,979
<i>Total reported tax expense for the Group</i>	3,735	-6,270	13,652

### Reconciliation of effective tax

SEK thousands	2020	2019	2018
Profit before tax	63,534	-170,769	-380,823
Tax at the applicable tax rate for Parent company	21.4% -13,596	21.4% 36,545	22.0% 83,781
The effect of other tax rates for foreign Subsidiaries	0.9% 563	0.2% 309	2.5% 9,649
Non-deductible or non-taxable items	-7.5% -4,753	-23.7% -40,451	-14.5% -55,101
Effect of other permanent differences	-0.5% -292	-0.2% -266	-2.1% -8,157
Increase in loss carry forwards without corresponding activation of deferred tax	0.0% -	-1.4% -2,406	-2.406 -20,986
Utilization of previously non-capitalized loss carryforwards	9.9% 6,319	0.0% -	0.0% -
Activation of previously non-capitalized loss carryforwards	24.4% 15,495	0.0% -	0.0% -
Effect of changes in tax rates/and tax laws	0.0% -	0.0% -	1.2% 4,464
<i>Reported effective tax</i>	5.9% 3,735	-3.7% -6,270	3.6% 13,652

Non-deductible or non-taxable items for 2019 and 2018 are mainly attributable to impairment of intangible assets. For 2020 and 2019, the reimbursement of interest costs is also included, as interest deduction restrictions exist for these years. The effect of other permanent differences for 2018 is mainly attributable to the tax effect for booked-out earn-out.

### Reported in the statement of financial position

#### Deferred tax assets and liabilities

Deferred tax liabilities amount to SEK 69,601 thousand (2019: SEK 76,024 thousand) (2018: SEK 77,859 thousand). These are mainly attributable to brands SEK 64,938 thousand (2019: SEK 68,028 thousand), (2018: SEK 66,993 thousand) and customer agreements SEK 4,647 thousand (2019: SEK 7,758 thousand), (2018: SEK 10,479 thousand). Other tax effects SEK 16 thousand (2019: SEK 238 thousand), (2018: SEK 386 thousand) are mainly attributable to a developed IT system.

Deferred tax assets amount to SEK 24,032 thousand (2019: SEK 8,580 thousand), (2018: SEK 9,651 thousand) and are mainly related to tax deficits in Norway and Sweden. Deferred tax assets are reported based on expected profits in the coming years.

### Unrecognised deferred tax assets

Deductible temporary differences and tax deductions for which deferred tax assets have not been recognised in the statement of financial position:

SEK thousands	2020	2019	2018
Tax deficits	-	129,114	126,601
	-	129,114	126,601

In addition to the above losses, there are unutilised losses attributable to interest deduction limits that are time limited.

### Changed tax rate

As of 1 January 2019, the tax rate in Sweden is 21.4% for companies with fiscal years beginning 1 January 2019 or later.

The tax rate will be reduced to 20.6% for financial years beginning on or after 1 January 2021.

## Note 10 Earnings per share

### Earnings per share for total operations

SEK	2020
Earnings per share	-11.71
SEK	2019
Earnings per share	-59.75
SEK	2018
Earnings per share	-97.04

The amounts used in numerators and denominators are set out below.

### Earnings per share, before and after dilution

Profit for the year attributable to the parent company's ordinary shareholders.

SEK thousands	2020
Profit for the year attributable to shareholders of the parent company	67,269
Withheld dividend on preference shares	-122,782
<b>Profit attributable to the parent company's ordinary shareholders</b>	<b>-55,513</b>

SEK thousands	2019
Profit for the year attributable to the parent company's shareholders	-177,367
Withheld dividend on preference shares	-105,882
<b>Income attributable to the parent company's ordinary shareholders</b>	<b>-283,249</b>

SEK thousands	2018
Profit for the year attributable to the parent company's shareholders	-366,872
Withheld dividend on preference shares	-93,164
<b>Income attributable to the parent company's ordinary shareholders</b>	<b>-460,036</b>

**Note 10 Earnings per share, cont.****Weighted average number of ordinary shares, before and after dilution**

In thousands of shares	2020	2019	2018
Weighted average number of ordinary shares	4,741	4,741	4,741
<b>Weighted average number of ordinary shares, before and after dilution</b>	<b>4,741</b>	<b>4,741</b>	<b>4,741</b>

The weighted average number of ordinary shares has been adjusted for a share split of 1:15, which was decided after 31 December 2020. At the annual general meeting on 14 March 2021, a long-term incentive programme was decided that may have a dilutive effects when calculating earnings per share for future periods.

**Note 11 Goodwill**

SEK thousands	Goodwill
<b>Cumulative acquisition value</b>	
Opening balance: 2018-01-01	700,726
Scrapping and divestments	-41,204
Exchange rate differences for the year	6,788
Closing balance: 2018-12-31	666,311
Opening balance: 2019-01-01	666,311
Exchange rate differences for the year	3,668
Closing balance: 2019-12-31	669,979
Opening balance: 2020-01-01	669,979
Exchange rate differences for the year	-26,072
Closing balance: 2020-12-31	643,907
<b>Accumulated write-downs</b>	
Opening balance: 2018-01-01	
Impairment loss for the year	-239,000
Closing balance: 2018-12-31	-239,000
Opening balance: 2019-01-01	-239,000
Impairment loss for the year	-182,000
Exchange rate differences for the year	-
Closing balance: 2019-12-31	-421,000
Opening balance: 2020-01-01	-421,000
Impairment loss for the year	-
Exchange rate differences for the year	-
Closing balance: 2020-12-31	-421,000
<b>Carrying amounts</b>	
As of 2018-01-01	700,726
As of 2018-12-31	427,311
As of 2019-01-01	427,311
As of 2019-12-31	248,979
As of 2020-01-01	248,979
As of 2020-12-31	222,907

**Impairment testing of goodwill and brands**

Goodwill and trademarks are distributed among the Group's cash-generating units as follows:

SEK thousands	Goodwill	Brands
Sweden	111,308	176,654
Norway	89,692	129,611
Denmark	21,907	-
Carrying amount 2020-12-31	222,907	306,265

SEK thousands	Goodwill	Brands
Sweden	111,308	177,096
Norway	115,764	143,639
Denmark	21,907	-
Carrying amount 2019-12-31	248,979	320,735

SEK thousands	Goodwill	Brands
Sweden	223,308	177,721
Norway	182,526	139,103
Denmark	21,477	-
Carrying amount 2018-12-31	427,311	316,824

SEK thousands	Goodwill	Brands
Sweden	423,307	178,346
Norway	243,076	135,923
Denmark	27,377	-
Finland	6,966	-
Carrying amount 2018-01-01	700,726	314,269

If there is an indication of impairment, the asset's recoverable amount is calculated. For goodwill and other intangible assets with an indeterminable useful life, the recoverable amount is calculated annually regardless of whether there are indicators of impairment. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is based on the value in use, which is calculated on the basis of discounted future cash flows. These estimated future cash flows are based on the budget for the coming years and an assumption about the financial development for a four-year period. The forecasts are based on assumptions about sales and EBIT margins, based on historical experience, consideration of positive effects on demand as a result of the pandemic and the company's upcoming planned launches. The cash flows calculated after the first five years have been based on a constant annual growth rate of 2% (2% (2019) 2% (2018)) for all countries, which corresponds to the long-term growth rate expected by management in the unit's markets.

The discount rate applied for the present value calculation of expected future cash flows consists of a weighted average cost of capital (WACC) after tax. The following discount rates have been used:

	2020	2019	2018
Discount rate after tax (WACC), %			
- Sweden	12.8	12.4	10.3
- Norway	13.9	13.4	11.9
- Denmark	12.5	12.2	12.2

Reasonably possible changes in the most important assumptions are not considered to have such an effect that they would individually reduce the recoverable amount to a value that is less than the book value.



## Impairments

During 2018 and 2019, major changes were implemented within the Group that initially affected the Group's earnings and cash flow negatively. During 2019 and 2018, goodwill was written down for Sweden by SEK 112 million (2019) and SEK 200 million (2018), for Norway by SEK 70 million (2019) and SEK 32 million (2018), respectively, and for Denmark by SEK 7 million (2018).

In 2020, it was established that the transformation has succeeded and also exceeded expectations, both on the basis of a well-functioning unit economy with better efficiency and significant volume growth.

The recoverable amount is calculated for Sweden at SEK 232.2 million in 2019 and SEK 380.6 million in 2018, for Norway at SEK 226.2 million in 2019 and SEK 306.0 million in 2018, and for Denmark at SEK 29.6 million in 2019 and SEK 27.7 million in 2018.

## Note 12 Brands

SEK thousands	Brands
<b>Cumulative acquisition value</b>	
Opening balance: 2018-01-01	315,898
Exchange rate differences for the year	3,181
Closing balance: 2018-12-31	319,079
Opening balance: 2019-01-01	319,079
Scrapping and divestments	-316
Exchange rate differences for the year	4,537
Closing balance: 2019-12-31	323,300
Opening balance: 2020-01-01	323,300
Scrapping and divestments	-
Exchange rate differences for the year	-14,029
Closing balance: 2020-12-31	309,271
<b>Accumulated depreciation and amortisation</b>	
Opening balance: 2018-01-01	-1,629
Depreciation for the year	-625
Exchange rate differences for the year	0
Closing balance: 2018-12-31	-2,254
Opening balance: 2019-01-01	-2,254
Scrapping and divestments	296
Depreciation for the year	-606
Exchange rate differences for the year	-
Closing balance: 2019-12-31	-2,564
Opening balance: 2020-01-01	-2,564
Scrapping and divestments	-
Depreciation for the year	-441
Exchange rate differences for the year	-
Closing balance: 2020-12-31	-3,005
<b>Carrying amounts</b>	
As of 2018-01-01	314,269
As of 2018-12-31	316,824
As of 2019-01-01	316,824
As of 2019-12-31	320,735
As of 2020-01-01	320,735
As of 2020-12-31	306,265

In view of the strong brands held by the company, it is considered that there is no specific useful life and therefore no depreciation according to plan. Trademarks are impairment-tested in accordance with the same principles as for Goodwill, see Note 11.

## Note 13 Customer contracts and relationships

SEK thousands	Customer contracts and relationships
<b>Cumulative acquisition value</b>	
Opening balance: 2018-01-01	96,615
Exchange rate differences for the year	614
Closing balance: 2018-12-31	97,229
Opening balance: 2019-01-01	97,229
Business acquisitions	-
Exchange rate differences for the year	638
Closing balance: 2019-12-31	97,867
Opening balance: 2020-01-01	97,867
Business acquisitions	-
Exchange rate differences for the year	-2,399
Closing balance: 2020-12-31	95,468
<b>Accumulated depreciation and amortisation</b>	
Opening balance: 2018-01-01	-30,598
Depreciation for the year	-14,427
Exchange rate differences for the year	-43
Closing balance: 2018-12-31	-45,068
Opening balance: 2019-01-01	-45,068
Depreciation for the year	-13,612
Exchange rate differences for the year	-13
Closing balance: 2019-12-31	-58,693
Opening balance: 2020-01-01	-58,693
Depreciation for the year	-13,393
Exchange rate differences for the year	1,225
Closing balance: 2020-12-31	-70,861
<b>Carrying amounts</b>	
As of 2018-01-01	66,017
As of 2018-12-31	52,161
As of 2019-01-01	52,161
As of 2019-12-31	39,174
As of 2020-01-01	39,174
As of 2020-12-31	24,607

## Note 14 Other intangible assets

SEK thousands	Other intangible assets
<b>Cumulative acquisition value</b>	
Opening balance: 2018-01-01	57,563
Other investments	9,148
Scrapping and divestments	-32,370
Exchange rate differences for the year	29
Closing balance: 2018-12-31	34,370
Opening balance: 2019-01-01	34,370
Other investments	7,642
Scrapping and divestments	-2,791
Exchange rate differences for the year	627
Closing balance: 2019-12-31	39,848
Opening balance: 2020-01-01	39,848
Other investments	5,393
Scrapping and divestments	-838
Exchange rate differences for the year	-2,574
Closing balance: 2020-12-31	41,829
<b>Accumulated depreciation and amortisation</b>	
Opening balance: 2018-01-01	-15,907
Depreciation for the year	-2,773
Exchange rate differences for the year	71
Closing balance: 2018-12-31	-18,608
Opening balance: 2019-01-01	-18,608
Scrapping and divestments	2,620
Depreciation for the year	-5,422
Exchange rate differences for the year	-88
Closing balance: 2019-12-31	-21,498
Opening balance: 2020-01-01	-21,498
Scrapping and divestments	-
Depreciation for the year	-5,405
Exchange rate differences for the year	1,736
Closing balance: 2020-12-31	-25,167
<b>Carrying amounts</b>	
As of 2018-01-01	41,656
As of 2018-12-31	15,762
As of 2019-01-01	15,762
As of 2019-12-31	18,350
As of 2020-01-01	18,350
As of 2020-12-31	16,662

Other intangible assets mainly consist of the Group's proprietary technical and digital platform that supports the Group's business processes.

## Note 15 Improvement expenses to third party property

SEK thousands	Improvement expenses to third party property
<b>Acquisition Value</b>	
Opening balance: 1 January 2018	2,600
Acquisitions	5,651
Divestments	-1,359
Closing balance: 31 December 2018	6,892
Opening balance: 1 January 2019	6,892
Acquisitions	-
Divestments	-128
Closing balance: 31 December 2019	6,764
Opening balance: 1 January 2020	6,764
Acquisitions	-
Divestments	-
Closing balance: 31 December 2020	6,764
<b>Depreciation</b>	
Opening balance: 1 January 2018	-901
Depreciation for the year	-1,003
Divestments	704
Closing balance: 31 December 2018	-1,201
Opening balance: 1 January 2019	-1,201
Acquisitions	-
Depreciation for the year	-1,305
Divestments	77
Closing balance: 31 December 2019	-2,429
Opening balance: 1 January 2020	-2,429
Acquisitions	-
Depreciation for the year	-1,291
Divestments	-
Closing balance: 31 December 2020	-3,720
<b>Carrying amounts</b>	
As of 2018-01-01	1,699
As of 2018-12-31	5,691
As of 2019-01-01	5,691
As of 2019-12-31	4,335
As of 2020-01-01	4,335
As of 2020-12-31	3,044

## Note 16 Machinery and other technical fixed assets

SEK thousands	Machinery and other technical fixed assets
<b>Acquisition Value</b>	
Opening balance: 1 January 2018	7,909
Acquisitions	1,462
Divestments	-1,270
Exchange differences	276
Closing balance: 31 December 2018	8,377
Opening balance: 1 January 2019	8,377
Acquisitions	1,039
Divestments	-
Exchange differences	189
Closing balance: 31 December 2019	9,605
Opening balance: 1 January 2020	9,605
Acquisitions	2,202
Divestments	-
Exchange differences	-575
Closing balance: 31 December 2020	11,232
<b>Depreciation</b>	
Opening balance: 1 January 2018	-2,418
Depreciation for the year	-1,598
Divestments	1,270
Exchange differences	-90
Closing balance: 31 December 2018	-2,836
Opening balance: 1 January 2019	-2,836
Depreciation for the year	-1,684
Divestments	-
Exchange differences	-62
Closing balance: 31 December 2019	-4,582
Opening balance: 1 January 2020	-4,582
Depreciation for the year	-2,126
Divestments	-
Exchange differences	268
Closing balance: 31 December 2020	-6,440
<b>Carrying amounts</b>	
As of 2018-01-01	5,491
As of 2018-12-31	5,541
As of 2019-01-01	5,541
As of 2019-12-31	5,023
As of 2020-01-01	5,023
As of 2020-12-31	4,792

## Note 17 Inventories

SEK thousands	Equipment
<b>Acquisition Value</b>	
Opening balance: 1 January 2018	18,883
Acquisitions	2,053
Divestments	-1,617
Exchange differences	237
Closing balance: 31 December 2018	19,556
Opening balance: 1 January 2019	19,556
Acquisitions	2,159
Divestments	-8,422
Exchange differences	309
Closing balance: 31 December 2019	13,602
Opening balance: 1 January 2020	13,602
Acquisitions	1,534
Other acquisitions	719
Divestments	-
Exchange differences	-911
Closing balance: 31 December 2020	14,944
<b>Depreciation</b>	
Opening balance: 1 January 2018	-9,206
Depreciation for the year	-3,198
Divestments	900
Exchange differences	-132
Closing balance: 31 December 2018	-11,636
Opening balance: 1 January 2019	-11,636
Depreciation for the year	-2,677
Divestments	6,307
Exchange differences	592
Closing balance: 31 December 2019	-7,414
Opening balance: 1 January 2020	-7,414
Depreciation for the year	-1,997
Divestments	-
Exchange differences	597
Closing balance: 31 December 2020	-8,814
<b>Carrying amounts</b>	
As of 2018-01-01	9,677
As of 2018-12-31	7,920
As of 2019-01-01	7,920
As of 2019-12-31	6,188
As of 2020-01-01	6,188
As of 2020-12-31	6,130

## Note 18 Stock

SEK thousands	2020-12-31	2019-12-31	2018-12-31
Commodities	5,444	6,723	10,068
	5,444	6,723	10,068

## Note 19 Accounts receivable

Accounts receivable are reported after having taken into account the loss reserve. Customer losses for the year amounted to SEK 2,307 (2,148 in 2019) (8,145, in 2018) thousand in the Group. In the parent company, customer losses amounted to SEK 0 (0 in 2019) (0 in 2018) thousand.

SEK thousands	2020-12-31	2019-12-31	2018-12-31
Accounts receivable at face value	12,514	11,361	27,140
Provisions for losses on accounts receivable	-3,376	-1,821	-18,513
	<b>9,138</b>	<b>9,541</b>	<b>8,627</b>

The company has transferred accounts receivable to a bank in the form of a factoring arrangement and received cash and cash equivalents. The accounts receivable have not been derecognized from the statement of financial position as the company retains the main risks and benefits, which is the credit risk, see Note 28. The amount is reported as a Current liability, see Note 24.

The amount received from the bank by the company:

SEK thousands	2020-12-31	2019-12-31	2018-12-31
The carrying amount of accounts receivable that have been transferred to bank	3,076	1,769	307
The carrying amount of the related liabilities	3,076	1,769	307

## Note 20 Prepaid expenses and accrued revenues

SEK thousands	2020-12-31	2019-12-31	2018-12-31
Accrued revenue from suppliers	2,330	1,554	2,460
Prepaid leasing fees	2,786	2,714	2,495
Prepaid goods costs	7,625	2,154	2,909
Other items	8,254	5,845	7,891
	<b>20,995</b>	<b>12,267</b>	<b>15,755</b>

## Note 21 Cash and cash equivalents

SEK thousands	2020-12-31	2019-12-31	2018-12-31
<i>The following components are included in cash and cash equivalents:</i>			
Cash and bank balances	80,416	9,829	10,495
Total according to the statement of financial position	80,416	9,829	10,495
<b>Total according to cash flow report</b>	<b>80,416</b>	<b>9,829</b>	<b>10,495</b>

## Note 22 Share capital

### Types of shares

Thousands of shares	2020	2019	2018
<b>Ordinary shares</b>			
Issued as of 1 January	316	316	316
<b>Issued as of December 31 – paid</b>	<b>316</b>	<b>316</b>	<b>316</b>
<b>Non-redeemable preference shares</b>			
Issued as of 1 January	613	587	587
Cash issue	-	26	-
<b>Issued as of December 31 – paid</b>	<b>613</b>	<b>613</b>	<b>587</b>

As of 31 December 2020, registered equity included SEK 928,628 (902,640) with a quota value of SEK 1 (SEK 1).

Holders of ordinary shares are entitled to dividends that are determined in arrear and the shareholding entitles to voting rights at the Annual General Meeting with one vote per share. Holders of preference shares imply preferential rights over ordinary shares to an annual dividend equal to 12% of the subscription price for the current preference share series. To the extent that no dividend is paid, the preference shares shall entitle to receive the amount due before any dividends are distributed to holders of the ordinary shares.

If the company is liquidated, preference shares are entitled to receive from the company's assets an amount equal to (i) the issue price of the current series of preference shares and (ii) outstanding dividend amounts (including earned distribution preference) for such series of preference shares, before any distribution is made to the owners of the ordinary shares. The shareholding entitles the right to vote at the Annual General Meeting with one vote per share.

### Translation reserve

The translation reserve includes all exchange differences arising from the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented. The Parent Company and the Group present their financial statements in the Swedish kronor (SEK).

### Premium fund

When shares are issued at a premium, i.e. at an issue price higher than the quota value of the shares, an amount equal to the amount received in addition to the quota value of the shares shall be transferred to the share premium fund.

### Retained earnings

Retained earnings consist of the previous year's retained earnings and profit after deduction of dividend paid during the year.

## Note 23 Liabilities

The following is information about the company's contractual terms regarding interest-bearing liabilities. For further information on the company's exposure to interest rate risk and risk of exchange rate fluctuations, see Note 28.

SEK thousands	2020-12-31	2019-12-31	2018-12-31	2018-01-01
<b>Long-term liabilities</b>				
Bond loans	136,128	143,611	146,877	145,855
PIK interest	17,626	4,738	-	-
Acquisition liabilities	-	15,891	15,431	14,620
	<b>153,754</b>	<b>164,240</b>	<b>162,308</b>	<b>160,475</b>
<b>Current liabilities</b>				
Acquisition liabilities	15,569	-	-	-
Overdraft	-	9,703	13,381	1
	<b>15,569</b>	<b>9,703</b>	<b>13,381</b>	<b>1</b>
<i>Total interest-bearing liabilities</i>	<b>16,323</b>	<b>173,943</b>	<b>175,689</b>	<b>160,476</b>

### Terms and repayment periods

Terms and repayment periods, see table below.

SEK thousands	Currency	Nominal Interest	Maturity	2020-12-31	
				Nominal Value	Carrying amount Value
Bond loans	SEK	10.00%	2022-10-09	139,000	136,128
PIK interest	SEK	10.00%	2022-10-09	17,626	17,626
Acquisition liabilities	DKK	1.50%	2021-09-14	14,628	15,569
<i>Total interest-bearing liabilities, excluding overdraft</i>					<b>169,323</b>
				<b>2019-12-31</b>	
<b>SEK thousands</b>	<b>Currency</b>	<b>Nominal Interest</b>	<b>Maturity</b>	<b>Nominal Value</b>	<b>Carrying amount Value</b>
Bond loans	SEK	10.00%	2022-10-09	150,000	143,611
PIK interest	SEK	10.00%	2022-10-09	4,738	4,738
Acquisition liabilities	DKK	1.50%	2021-09-14	15,144	15,891
<i>Total interest-bearing liabilities, excluding overdraft</i>					<b>164,240</b>
				<b>2018-12-31</b>	
<b>SEK thousands</b>	<b>Currency</b>	<b>Nominal Interest</b>	<b>Maturity</b>	<b>Nominal Value</b>	<b>Carrying amount Value</b>
Bond loans	SEK	8.00%	2020-10-09	150,000	146,877
Acquisition liabilities	DKK	1.50%	2021-09-14	14,918	15,431
<i>Total interest-bearing liabilities, excluding overdraft</i>					<b>162,308</b>
				<b>2018-01-01</b>	
<b>SEK thousands</b>	<b>Currency</b>	<b>Nominal Interest</b>	<b>Maturity</b>	<b>Nominal Value</b>	<b>Carrying amount Value</b>
Bond loans	SEK	8.00%	2020-10-09	150,000	145,855
Acquisition liabilities	DKK	1.50%	2021-09-14	14,342	14,620
<i>Total interest-bearing liabilities, excluding overdraft</i>					<b>160,475</b>

PIK interest means that the interest rate increases the total debt and is paid when the loan matures.

## Note 24 Debts to credit institutions

SEK thousands	2020-12-31	2019-12-31	2018-12-31
<b>Current liabilities</b>			
Overdraft	-	9,703	13,381
Right of recourse factoring company	3,076	1,769	307
Other	-	-	-
	<b>3,076</b>	<b>11,472</b>	<b>13,688</b>
<b>Liabilities due later than five years after the balance sheet date</b>			
Liabilities to credit institutions	-	-	-
Other	-	-	-

## Note 25 Pension plans

### Defined contribution pension plans

The concern has only contribution-based pension plans.

Payments for these plans are made on an ongoing basis according to the rules of each plan.

SEK thousands	2020	2019	2018
Costs for defined contribution plans	6,559	8,000	8,109
	<b>6,559</b>	<b>8,000</b>	<b>8,109</b>

## Note 26 Other debt

SEK thousands	2020-12-31	2019-12-31	2018-12-31	2018-01-01
<b>Other non-current liabilities</b>				
Acquisition liabilities	-	15,891	15,431	14,620
Debt for issued put option <sup>1)</sup>	-	47,700	39,300	41,200
Other	22,958	8,180	-	33,456
	<b>22,958</b>	<b>71,771</b>	<b>54,731</b>	<b>89,276</b>
<b>Other current liabilities</b>				
Debt for issued put option <sup>1)</sup>	59,800	-	-	-
Acquisition liabilities	15,569			
Other	11,960	8,013	8,811	16,800
	<b>87,329</b>	<b>8,013</b>	<b>8,811</b>	<b>16,800</b>

1) Upon the subsidiary Carolinas Matkasse AB's acquisition in 2016 of the majority of the shares in RetNemt.dk ApS, Carolinas Matkasse AB issued a put option to the seller regarding the remaining shares in RetNemt. The put option can only be exercised if the controlling influence over Carolinas Matkasse AB or its parent company is transferred to a third party, and if Carolinas Matkasse AB does not exercise the so-called drag-along of the seller's shares which is also included in the agreement. The redemption price is determined through an agreed price formula. In the Group, the obligation with respect to the put option is reported as a liability to non-controlling interests valued at the present value of the estimated future redemption price. The actual outcome upon settlement may be both higher or lower. In the event that the shares in Carolinas Matkasse AB or its parent company are listed, the agreement stipulates that the debt shall be settled with shares in Carolinas Matkasse AB or its parent company.

## Note 27 Accrued expenses and deferred income

SEK thousands	2020-12-31	2019-12-31	2018-12-31
<b>Group</b>			
Accrued personnel costs	21,888	15,934	17,757
Accrued interest expenses	719	711	2,767
Accrued rental costs	1,608	1,818	2,028
Accrued goods and delivery costs	5,219	3,449	3,685
Other items	7,998	7,355	14,111
	<b>37,432</b>	<b>29,267</b>	<b>40,349</b>

## Note 28 Evaluation of assets and liabilities, as well as financial risks and risk management

### Fair value

As of December 2020, the bond loan has a carrying amount of SEK 136,128 thousand (2019: SEK 143,611 thousand) (2018: SEK 146,877 thousand) and a fair value of SEK 139,000 thousand (2019: SEK 150,000 thousand) (2018: SEK 150,000 thousand). The fair value is based on level 2 in the valuation hierarchy.

The fair value of interest-bearing liabilities is calculated by discounting future cash flows of principal and interest at the current market rate.

The carrying amount of long-term receivables, trade receivables, other short-term receivables, cash and bank accounts, supplier liabilities, other long-term liabilities, issued put options and other short-term liabilities constitutes a reasonable approximation of fair value.

### Financial risks and risk management

Through its operations, the Group is exposed to various types of financial risks.

- Credit risk
- Liquidity risk
- Market risk

### Financial risk management framework

Responsibility for the Group's financial transactions and risks is managed centrally by the Group's finance function. The overall objective of the finance function is to provide cost-efficient financing and to minimise negative effects from market risk on the Group's performance.

### Liquidity risk

The liquidity risk is the risk that the Group may incur problems fulfilling its obligations associated with financial liabilities.

The Group has rolling 12-month liquidity plan that covers all of the Group's units. The plan is updated every quarter. The Group's forecasts, covering 3 years, include a medium-term liquidity plan. The liquidity plan is used to manage the liquidity risk and the costs of financing for the Group. The aim is for the Group to be able to meet its financial commitments in upturns as well as downturns without significant unforeseeable costs and without jeopardising the Group's reputation. The Group's policy is to minimise the need for borrowing by using excess liquidity within the Group through cash pools set up by the central finance department. Liquidity risks are managed centrally for the entire Group by the central finance department.

The Group has a bond loan with a nominal amount of SEK 139,000 thousand, which falls due for payment on 2022-10-09.

In accordance with the bond terms, a guarantee fee was paid to the guarantors for the overdraft facility of SEK 20,000 thousand, which is due for payment on 2022-10-09. The overdraft facility was terminated in November 2020. According to

the bond terms, PIK interest is also paid to the bondholders, which is added to the interest calculation basis and falls due for payment on 2022-10-09.

In 2018, 2019 and parts of 2020, the Group had an overdraft facility of SEK 20,000 thousand as a liquidity reserve, see also Note 21 cash and cash equivalents.

The company's financial liabilities at year-end amounted to SEK 308 million (2019: SEK 299 million) (2018: SEK 313 million) and the maturity structure of the loan debt is shown in the table below.

### Capital management

The Group's financial objective is to have a good financial position, which helps to ensure investors', creditors' and market confidence and form a basis for the continued development of the business operations; while the long-term return generated to shareholders is satisfactory.

The Group's capital management aims to ensure that the business is adequately capitalised in order to meet the risks in the operations, taking into account the scope of the Group's financing activities and associated risks whilst in the long term increasing the shareholder value. The capital structure is mainly affected via the profitability of the business, dividends and investments.

The liquidity plan within the Group also takes into account how the capital requirement is expected to develop over the next 3 years.

The reported equity in the consolidated balance sheet is defined as capital.

	2020	2019	2018
<b>Equity ratio</b>			
Total equity	280,229	265,879	442,033
Total assets	838,596	804,147	1,015,072
Equity ratio (Total equity/Total assets)	33.4%	33.1%	43.5%

In light of potential expansion and broadening of the product and service offering as well as potential acquisitions, the company's policy is to reinvest in growth and therefore does not expect to propose any dividend in the short to medium term.

The Group's strong cash flow offers the potential for a high dividend ratio if the company cannot find suitable growth opportunities.

During the year, there was no change in the Group's capital management.

Neither the parent company nor any of the subsidiaries are subject to external capital requirements.

**Note 28 Assessment of assets and liabilities, as well as financial risks and risk management, cont.****Maturity structure financial liabilities – undiscounted cash flows****2020-12-31**

	Currency	Nom. amount original currency	Total TSEK	< 1 month	1–3 months	3 months– 1 year	1–5 years	> 5 years
Bond loans	SEK	139,000	139,000				139,000	
Warranty fee	SEK	3,081	3,081				3,081	
PIK interest	SEK	17,626	17,626				17,626	
Acquisition liabilities	DKK	10,842	14,628			14,628		
Debt for issued put option	SEK	59,800	59,800			59,800		
Accounts payable		69,384	69,384	69,384				
Leasing liabilities	SEK	52,392	52,392	737	1,473	6,618	27,330	16,234
Leasing liabilities	NOK	80,319	76,669	927	1,855	8,057	33,371	32,459
Leasing liabilities	DKK	7,397	9,981	167	335	1,503	7,829	147
<b>Total</b>			<b>442,561</b>	<b>71,215</b>	<b>3,663</b>	<b>90,606</b>	<b>228,237</b>	<b>48,840</b>

**2019-12-31**

	Currency	Nom. amount original currency	Total TSEK	< 1 month	1–3 months	3 months– 1 year	1–5 years	> 5 years
Bond loans	SEK	150,000	150,000				150,000	
Warranty fee	SEK	1,192	1,192				1,192	
PIK interest	SEK	4,738	4,738				4,738	
Acquisition liabilities	DKK	10,842	15,144				15,144	
Debt for issued put option	SEK	47,700	47,700				47,700	
Accounts payable		67,597	67,597	67,597				
Leasing liabilities	SEK	57,655	57,655	734	1,468	6,571	28,539	20,343
Leasing liabilities	NOK	72,442	76,635	1,018	2,035	7,650	29,554	36,378
Leasing liabilities	DKK	1,716	2,396	150	299	1,346	601	–
<b>Total</b>			<b>423,057</b>	<b>69,499</b>	<b>3,802</b>	<b>15,567</b>	<b>277,468</b>	<b>56,721</b>

**2018-12-31**

	Currency	Nom. amount original currency	Total TSEK	< 1 month	1–3 months	3 months– 1 year	1–5 years	> 5 years
Bond loans	SEK	150,000	150,000				150,000	
Acquisition liabilities	DKK	10,842	14,918				14,918	
Debt for issued put option	SEK	39,300	39,300				39,300	
Accounts payable		94,904	94,904	94,904				
Leasing liabilities	SEK	62,133	62,133	671	1,342	5,999	28,230	25,891
Leasing liabilities	NOK	83,984	86,040	985	1,971	8,869	31,940	42,275
Leasing liabilities	DKK	2,417	3,325	146	292	1,231	1,656	–
<b>Total</b>			<b>450,620</b>	<b>96,706</b>	<b>3,605</b>	<b>16,099</b>	<b>266,044</b>	<b>68,166</b>

**2018-01-01**

	Currency	Nom. amount original currency	Total TSEK	< 1 month	1–3 months	3 months– 1 year	1–5 years	> 5 years
Bond loans	SEK	150,000	150,000				150,000	
Acquisition liabilities	DKK	10,842	14,342				14,342	
Debt for issued put option	SEK	41,200	41,200				41,200	
Accounts payable		82,350	82,350	82,350				
Leasing liabilities	SEK	10,545	10,545	199	397	1,789	8,160	–
Leasing liabilities	NOK	95,356	95,456	960	1,921	8,643	35,739	48,193
Leasing liabilities	DKK	3,542	4,685	129	258	1,160	3,138	–
<b>Total</b>			<b>398,578</b>	<b>83,638</b>	<b>2,576</b>	<b>11,592</b>	<b>252,579</b>	<b>48,193</b>



**Note 28 Assessment of assets and liabilities, as well as financial risks and risk management, cont.****Market risk**

Market risk is the risk that the fair value of or future cash flows from a financial instrument vary due to changes in market prices. Market risks are divided by IFRS into three types; currency risk, interest rate risk and other price risks. The market risks that primarily affect the Group consist of interest rate risks and currency risks. According to current policy, the company does not hedge against market risks.

The Group's objective is to manage and control market risks within established parameters and at the same time optimize the result of risk-taking within given frameworks. The parameters have been determined with the aim that the short-term market risks (6–12 months) will only marginally affect the Group's earnings and position. In the longer term, however, sustained changes in exchange rates and interest rates will have an impact on consolidated earnings.

**Interest rate risk**

Interest rate risk is the risk that the value of financial instruments varies due to changes in market interest rates. Interest rate risk can lead to changes in fair values and changes in cash flows. A significant factor that affects interest rate risk is the fixed interest period.

The Group's interest rate risk arises mainly through long-term borrowing and is managed by the central financial function. The long-term borrowing is linked to STIBOR (three months) see note 23 for interest terms.

The Group has actively chosen not to secure itself against risks regarding changes in interest rates.

**Sensitivity analysis – interest rate risk**

The impact on interest income and interest expenses during next twelve-month period in the event of a rise/decrease in interest rates of 1 percentage point on the balance sheet date amounts to

+/- alt. - / + 1 390 TSEK (2019 +/- alt. - / + 1 597 TSEK) (2018 +/- alt. - / + SEK 1,634 thousand) - given the interest-bearing assets and liabilities that exist as of the balance sheet date.

**Currency risk**

The risk that fair values and cash flows of financial instruments may fluctuate when the value of foreign currencies changes is called currency risk. The Group is limited to currency risk on transactions because revenues and expenses are mainly in the same currency. The functional currency of the Group companies is primarily SEK. Transactions are primarily made in the currencies SEK, EUR, NOK and DKK.

The Group has chosen not to protect translation exposures in foreign currency.

**Sensitivity Analysis – Exchange Rate Risk**

A 10% strengthening of the Swedish krona against others currencies as of 31 December 2020 would imply a change of equity of SEK -17.5 (2019: -15.5) (2018: -13.2) million and of result with -3.5 (2019: -2.3) (2018: 0) MSEK. The sensitivity analysis is based on the fact that all other factors (e.g. interest rates) remains unchanged. The same conditions were applied for 2019 and 2018.

**Credit risk**

Credit risk is the risk that a customer or counterparty in a financial instrument will not be able to fulfil its obligation, thereby subjecting the Group to a financial loss. The credit risk arises mainly from the Group's accounts receivable. The carrying amount of financial assets constitutes the maximum credit exposure. Bad debt losses do not amount to significant amounts and have historically amounted to less than SEK 8.5 million.

**Credit risk in cash and cash equivalents**

As of 31 December 2020, the Group has cash and cash equivalents of SEK 80,416 thousand (2019: 9,829 thousand). For cash and cash equivalents, banks and financial institutions are counterparties, which are graded AA- to AA+, based on Standard & Poor's Credit Market Services Europe Ltd credit rating.

**Credit risk in receivables from Group companies**

The parent company's credit risk exposure is mainly affected by each group's individual companies' individual characteristics. However, management considers the factors that may affect the credit risk of the Group companies, including the risk of default in the country in which the Group companies operate.

**Changes in reserves for impairment of customer receivables**

The change in reserves for impairment of customer receivables during the year was as follows:

SEK thousands	2020	2019	2018
Opening balance as of 1 January	1,821	3,336	7,065
Change in loss reserve	1,555	-1,515	-3,729
Closing balance as of December 31	3,376	1,821	3,336

**Note 28 Assessment of assets and liabilities, as well as financial risks and risk management, cont.**

The credit risk exposure and anticipated credit losses for consumer trade receivables as of 31 December 2020 are summarised below.

**31 December 2020**

SEK thousands	Gross carrying amount	Loss reserves	Net
Not overdue	5,659	56	5,603
Overdue 1–30 days	2,607	78	2,529
Overdue 31–60 days	372	57	315
Overdue 61–90 days	229	81	148
Overdue 91–days	3,648	3,104	544
	<b>12,515</b>	<b>3,376</b>	<b>9,138</b>

**31 December 2019**

SEK thousands	Gross carrying amount	Loss reserves	Net
Not overdue	5,223	27	5,196
Overdue 1–30 days	2,431	48	2,383
Overdue 31–60 days	503	23	480
Overdue 61–90 days	245	49	196
Overdue 91–days	2,960	1,674	1,286
	<b>11,362</b>	<b>1,821</b>	<b>9,541</b>

**31 December 2018**

SEK thousands	Gross carrying amount	Loss reserves	Net
Not overdue	4,613	208	4,405
Overdue 1–30 days	3,308	232	3,076
Overdue 31–60 days	939	94	845
Overdue 61–90 days	430	129	301
Overdue 91–days	2,674	2,674	–
	<b>11,963</b>	<b>3,336</b>	<b>8,627</b>

**Note 29 Lease agreements****Leases where the company is a lessee**

The Group's property, plant and equipment consists of both owned and leased assets.

The Group leases several types of assets. No lease agreements contain covenants or other limitations in addition to the security of the leased asset.

**Right of use**

SEK thousands	Real estate	Machines	Vehicles	Total
Opening balance: 1 January 2018	79,755	5,200	563	85,518
Depreciation during the year	-12,489	-1,776	-486	-14,750
Closing balance: 31 December 2018	112,576	3,689	824	117,089
Depreciation during the year	-16,325	-2,269	-484	-19,078
Closing balance: 31 December 2019	98,967	5,959	474	105,400
Depreciation during the year	-15,983	-2,659	-158	-18,800
Closing balance: 31 December 2020	<b>100,813</b>	<b>4,719</b>	<b>465</b>	<b>105,997</b>

Additions to rights-of-use assets during 2020 amounted to SEK 24,923 thousand (2019: SEK 7,388 thousand) (2018: 46,322 thousand). This amount includes the acquisition value for newly acquired rights of use during the year and additional amounts in the case of reconsideration of leasing liabilities due to changed payments as a result of the leasing period having changed.

For a maturity analysis of the leasing liabilities, see Note 28 Valuation of financial assets and liabilities as well as financial risks and risk management.

**Note 29 Leases, cont.****Amounts recognised in profit or loss**

SEK thousands	2020	2019	2018
Amortisation of right of use assets	18,800	19,078	14,750
Interest on lease liabilities	6,635	6,404	5,211
Revenue from re-rental of rights of use	-	12	335
Costs for low value leases	494	299	157

**Amounts recognised in cash flow report**

SEK thousands	2020	2019	2018
Total cash outflows attributable to leases	19,294	19,377	14,907

The above cash outflow includes both amounts for leases recognised as leasing debt, as well as amounts paid for variable lease payments and leases of low value.

**Real estate leases**

The Group leases buildings for its office premises. Leasing contracts for office premises normally have a duration of 3-5 years. Some leases include a renewal option for an additional period with the same maturity at the end of the lease period.

Some leases contain leasing fees based on changes in local price indices. Some leases require the Group to pay fees relating to property taxes imposed on the lessor. These amounts are determined annually.

**Extension and termination options**

Some leases contain extension options and termination options which the Group may exercise or not exercise up to one year before the end of the non-terminable lease term. Where practical, the Group tries to include such options in new leases as it contributes to operational flexibility. The options may only be exercised by the Group, not by the lessor. Whether or not it is reasonably certain that an extension option will be exercised is determined at the start date of the lease. The Group is reconsidering whether it is reasonably certain that an extension option will be exercised or not if there is an important event or significant changes in circumstances that are within the Group's control.

The Group's lease agreements for office premises consist mainly of non-terminable periods of 3 years, which are extended by additional periods of 3 years if the Group does not terminate the agreement with 0 to 9 months' notice. For offices

in the majority of cases, the Group considers that it is not reasonably certain that the agreements will be extended beyond the first period – i.e. the leasing period is usually determined for a specific period. Reported lease liability for these contracts amounts to SEK 6,926 thousand. The Group's agreements for the lease of other premises in the business consists of non-terminable periods of 2-15 years, with options for the group to utilise additional periods. Agreements do not contain a final end date. For agreements with a non-terminable period of 5-15 years, it has been assessed that it is not reasonably certain that additional periods will be utilized. For agreements with a shorter non-terminable period than 5 years, it is considered in most cases that it is reasonably certain that additional period(s) will be utilized, resulting in lease periods of usually 7-15 years. The reported leasing liability for these agreements amounts to SEK 102,638 thousand.

During the year, leasing liabilities/assets increased by SEK 5,351 thousand as a result of exercising options that were not previously included in the lease liability. Significant changes may occur in the future if a reassessment of the lease term should occur with regard to any of the Group's significant real estate agreements

**Other leases**

The Group leases vehicles and equipment with leasing periods ranging from 1 to 8 years. In some cases, the Group has an opportunity to purchase the asset at the end of the lease period. In other cases, the Group guarantees the residual value of the leased asset at the end of the lease period. Extension options exist only to an insignificant extent.

Estimated residual value guarantees are reviewed at each balance sheet date to reassess the lease liability and the right of use asset. On 31 December 2020, the Group estimates that residual value guarantees amount to SEK 1,151 thousand.

The Group also leases machines such as coffee machines and IT equipment with leasing periods ranging from one to three years. These leases are of low value. The Group has chosen not to recognise right of use assets and lease liabilities for these leases.

**Note 30 Pledged collateral, contingent liabilities and contingent assets**

Shares in the subsidiary Carolinas Matkasse AB have been pledged as collateral for the loan in Linas Matkasse Newco AB.

SEK thousands	2020-12-31	2019-12-31	2018-12-31	2018-01-01
<b>Pledged Collateral</b>				
In the form of securities set for own liabilities and provisions				
Company mortgages	810	838	826	794
Shares	530,026	492,513	665,761	964,050
<b>Total pledged collateral</b>	<b>530,836</b>	<b>493,351</b>	<b>666,586</b>	<b>964,844</b>

**Contingent liabilities and contingent assets**

The Group has no contingent liabilities or contingent assets.

## Note 31 Related party relationships

### Related party relationships

The parent company has a related party relationship with its subsidiaries.

Details of the remuneration to the respective key senior executive, see Note 6.

### Summary of related party transactions

SEK thousands	Years	Claim on related parties per 31 December	Debt to related parties per 31 December
<b>Related party relationship</b>			
Linas Matkasse Holding AS	2020	568	-
Linas Matkasse Holding AS	2019	448	-
Linas Matkasse Holding AS	2018	320	-
Linas Matkasse Holding II AS	2020	137	-
Linas Matkasse Holding II AS	2019	97	-
Linas Matkasse Holding II AS	2018	1	-

Related party transactions are priced on market terms.

## Note 32 Specifications for cash flow report

### Cash and cash equivalents

SEK thousands	2020-12-31	2019-12-31	2018-12-31
The following components are included in cash and cash equivalents:			
Cash and bank balances	80,416	9,829	10,495
<b>Total according to the report on financial position</b>	<b>80,416</b>	<b>9,829</b>	<b>10,495</b>

### Interest paid and dividends received

SEK thousands	2020	2019	2018
Interest received	172	424	147
Interest paid	-4,891	-12,988	13,108
	<b>-4,719</b>	<b>-12,564</b>	<b>13,255</b>

### Adjustments for items not included in cash flow

SEK thousands	2020	2019	2018
Depreciation	43,582	45,736	50,071
Impairment	-	182,000	266,947
Capital gains/losses on disposal of subsidiaries	-	-	11,231
Capitalised interest	13,089	3,775	-
Other non-cashflow impacting items	3,532	3,186	2,730
	<b>60,203</b>	<b>234,696</b>	<b>330,979</b>

### Transactions that do not entail payments

SEK thousands	2020	2019	2018
Acquisition of asset through leases	24,923	7,388	46,322

### Divestment of subsidiaries and other business units

SEK thousands	2020	2019	2018
<b>Divested assets and liabilities</b>			
Property, plant and equipment	-	-	57
Operating receivables	-	-	1,293
Cash and cash equivalents	-	-	-
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>1,350</b>
Long-term interest-bearing liabilities	-	-	402
Short-term operating liabilities	-	-	1,138
<b>Total provisions and liabilities</b>	<b>-</b>	<b>-</b>	<b>1,540</b>
Selling price	-	-	0
<b>Purchase price received</b>	<b>-</b>	<b>-</b>	<b>0</b>
Less: Cash and cash equivalents in the divested business	-	-	-
<b>Impact on cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>0</b>

*Note 32 Specifications for cash flow report, cont.**Reconciliation of liabilities arising from financing activities*

<b>SEK thousands</b>	<b>Overdraft credit</b>	<b>Debt for issued put option</b>	<b>Acquisition Liabilities</b>	<b>Bond loans</b>	<b>Leasing liabilities</b>	<b>Total liabilities arising from financing activities</b>
Closing balance 2017	-	41,200	14,620	145,855	89,313	290,988
Cash flows	13,381	-	-	-748	-12,721	-89
Non-cash flow impacting changes						
Issued put option	-	-1,900	-	-	-	-1,900
New leases	-	-	-	-	46,322	46,322
Issue expenses	-	-	-	1,770	-	1,770
Exchange rate differences	-	-	811	-	-	811
<b>Closing balance 2018</b>	<b>13,381</b>	<b>39,300</b>	<b>15,431</b>	<b>146,877</b>	<b>122,915</b>	<b>337,904</b>

<b>SEK thousands</b>	<b>Overdraft credit</b>	<b>Debt for issued put option</b>	<b>Acquisition Liabilities</b>	<b>Bond loans</b>	<b>Leasing liabilities</b>	<b>Total liabilities arising from financing activities</b>
Closing balance 2018	13,381	39,300	15,431	146,877	122,915	337,904
Cash flows	-3,678	-	-	-	-17,213	-20,890
Non-cash flow impacting changes						
Issued put option	-	8,400	-	-	-	8,400
New leases	-	-	-	-	7,388	7,388
Issue expenses	-	-	-	-3,266	-	-3,266
Exchange rate differences	-	-	460	-	-	460
<b>Closing balance 2019</b>	<b>9,704</b>	<b>47,700</b>	<b>15,891</b>	<b>143,611</b>	<b>113,091</b>	<b>329,996</b>

<b>SEK thousands</b>	<b>Overdraft credit</b>	<b>Debt for issued put option</b>	<b>Acquisition Liabilities</b>	<b>Bond loans</b>	<b>Leasing liabilities</b>	<b>Total liabilities arising from financing activities</b>
Closing balance 2019	9,704	47,700	15,891	143,611	113,091	329,996
Cash flows	-9,704	-	-	-9,360	-16,459	-35,522
Non-cash flow impacting changes						
Issued put option	-	12,100	-	-	-	12,100
New leases	-	-	-	-	24,923	24,923
Issue expenses	-	-	-	1,877	-	1,877
Exchange rate differences	-	-	-322	-	-5,734	-6,056
<b>Closing balance 2020</b>	<b>-</b>	<b>59,800</b>	<b>15,569</b>	<b>136,128</b>	<b>115,820</b>	<b>327,317</b>

*Unused credits*

<b>SEK thousands</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Unused credits amount to	-	10,297	6,619

## Note 33 Events taking place after the balance sheet date

In January 2021, the product range for the Linas Matkasse brand in Sweden was broadened by launching the opportunity for customers to add breakfast items and snacks to their order. In January, the Adams Matkasse brand in Norway launched a fully flexible model that allows the customer to tailor their own weekly menu based on a selection of over 40 dishes (of which at least 50% are brand new every week) making it easy for anyone to find food they like. The company has continued to invest in production in the form of development and implementation of so-called Pick-to-Light (pick with light assistance), a picking technology that increases the efficiency of picking tailor-made / individual orders and implementation in Sweden took place in January 2021.

At the extraordinary general meeting in January 2021, it was resolved to change the corporate category and company name to LMK Group AB (publ), which was registered with the Swedish Companies Registration Office on 3 March 2021. At the meeting, it was also resolved to elect a new board of directors, new articles of association were adopted, and a share split of 1:15 was resolved.

On 9 March 2021, LMK Group AB (publ) announced that the company intends to list its shares on Nasdaq First North Premier Growth Market.

## Note 35 Information concerning parent company

LMK Group AB (publ) is a Swedish-registered limited liability company based in Stockholm, Sweden. The address of the head office is Stormbyvägen 2, SE-163 55 Spånga.

The consolidated financial statements for 2020 relate to the parent company and its subsidiaries, together named the Group.

LMK Group AB (publ) is a subsidiary of Linas Matkasse Holding II AS, org no. 818 984 162 with registered office in Oslo. LMK Group AB (publ) is part of a group where Linas Matkasse Holding AS org no. 915 464 750, based in Oslo, prepares consolidated financial statements for the largest group. The ultimate controlling influence is held by Herkules Private Equity Fund IV (Jersey-I) L.P. reg. no. 111266/1515 and Herkules Private Equity Fund IV (Jersey-II) L.P. reg. no. 111279/1516, together holding 28,9 %, indirectly.

The consolidated financial statements of the foreign parent company are available at Carolinas Matkasse AB.

## Note 34 Important estimates and assessments

Management has discussed with the Board the development, election and disclosures regarding the Group's important accounting principles and estimates, as well as the application of these principles and estimates.

### Important assessments in the application of the Group's accounting principles

Some important accounting assessments made in the application of the Group's accounting principles are described below.

### Key sources of uncertainty in estimates

The sources of uncertainty in estimates listed below refers to those that involve a significant risk that the value of assets or liabilities may need to be adjusted substantially in the coming financial year.

The management deems that no reported asset and liability amounts except for issued put option to non-controlling interests are associated with a risk of having to be significantly adjusted during the next year.

### Issued put option to non-controlling interests

The Group's debt regarding issued put option to non-controlling interests refers to an agreement that gives the holder the right to sell shares in subsidiaries at a price determined by an agreed price formula, included in the shareholder's agreement, at a future date. The actual outcome of settlement may be higher or lower compared with the reported debt. On December 31 2020, the reported value of "Debt for issued put option" amounts to 59.8 MSEK. See further information in Note 26 Other liabilities and note 1 Significant accounting principles.

# Auditors report



*This is a literal translation of the Swedish original report included in the Swedish version of the Prospectus*

## Independent auditor's report

To the Board of Directors of LMK Group AB (publ), corporate identity number 559021-1263

### Report on the consolidated financial reports

#### Opinions

We have audited the consolidated financial reports of LMK Group AB (publ) on pages F1-F32 which comprise the Consolidated statement of financial position of the group for the period of three years ended 31 December 2020, 2019 and 2018 and the related Consolidated income statement, Consolidated income statement and other comprehensive income, Consolidated statement of changes in equity, Consolidated statement of cash flows for these years then ended and Notes to the financial reports.

In our opinion, the consolidated financial reports have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and present fairly, in all material respects, the consolidated financial position of the group as of 31 December 2020, 31 December 2019 and 31 December 2018 and their financial performance and cash flow for each of the three financial years ending the 31 December 2020 in accordance with IFRS, as adopted by the EU.

#### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the consolidated financial reports and that they give a fair presentation in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial reports that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial reports, The Board of Directors and the Chief Executive Officer are responsible for the assessment of the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intends to liquidate the group, to cease operations, or has no realistic alternative but to do so.



### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial reports as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial reports.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

Obtain an understanding of the group's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.

Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's use of the going concern basis of accounting in preparing the consolidated financial reports. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial reports or, if such disclosures are inadequate, to modify our opinion about the consolidated financial reports. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial reports, including the disclosures, and whether the consolidated financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial reports. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Stockholm 16 March 2021

KPMG AB

Ingrid Hornberg Román

Authorized Public Accountant



# Definitions

**Certified Adviser** refers to FNCA Sweden AB (Box 5807, 102 48 Stockholm, Sweden).

**Code** refers to the Swedish Corporate Governance Code.

**EUR** refers to euro.

**Euroclear** means Euroclear Sweden AB (Box 7822, SE-103 97 Stockholm, Sweden).

**IFRS** refers to the International Financial Reporting Standards, as adopted by the European Union.

**Joint Bookrunners** refers to Bryan, Garnier & Co ("Bryan Garnier") and Pareto Securities AB ("Pareto").

**Joint Global Coordinators** refers to Bryan, Garnier & Co and Pareto Securities AB.

**LMK Group, The Company or the Group** means, depending on the context, LMK Group AB (publ), reg. no 556839-3168, the group of which LMK Group AB (publ) is the parent company or subsidiaries in the group.

**Lock-up-period** refers to the time period after the trading on Nasdaq First North Premier Growth Market has been initiated under which the Company, the Principal Shareholder, other Selling Shareholders, including the Company's executive management and other shareholding employees, have undertaken not to sell their shares in the Company.

**Nasdaq First North Premier Growth Market** refers to the alternate market operated by the different stock exchanges included in Nasdaq.

**Offer** refers to the offer of shares described in the Prospectus.

**Over-Allotment Option** refers to the allotment option described in the section "*Invitation to acquire shares in LMK Group*".

**Principal Shareholder** refers to Herkules Capital, through Herkules Private Equity IV (Jersey-I) L.P. and Herkules Private Equity IV (Jersey-II) L.P., address 11-15 Seaton Place, St Helier, Jersey, JE4 0QH, Jersey.

**Prospectus** refers to this prospectus which has been drawn up by reason of the Offer to the general public in Sweden of the shares in the Company.

**SEK** refers to Swedish krona.

**Selling Shareholders** refers to the Principal Shareholder, Creandum II L.P. and Creandum II Kommanditbolag (together referred to as "Creandum"), Acton GmbH & Co, Heureka KG ("Acton Capital").

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