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Investor presentation

A NEW FMCG POWERHOUSE | June 2021

Important notice

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Today's presenters

SIMON PETRÉN

CEO Humble Group

PREVIOUS EXPERIENCE:
Founder and former CEO of Pändy Foods AB, entrepreneur and investor

EDUCATION:
M.Sc. at KTH Mechanical Engineering, Product Innovation
B.Sc. at KTH Industrial Management
B.Sc. at SBS Business Administration

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Introduction

01

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Humble Group at glance

A leading FMCG group in the forefront of functional foods and sustainable products

- Humble Group is a Sweden-based FMCG group that supplies cutting edge and healthy sugar reduction and vegan products as well as eco-friendly- and sustainable products for the broader FMCG market
- Humble Group consists of a group of companies and well-recognized brands that refine, develop and distribute functional and sustainable fast-moving consumer products on a global scale
- The Company's business model is to actively identify, evaluate and acquire profitable, cash generative and market-leading FMCG companies within Humble Group's niche
- Humble Group is listed on Nasdaq Stockholm First North Growth Market since November 2014

KEY HIGHLIGHTS

1,847m SEK total net sales, pro forma LTM Q1 2021	**229m** SEK pro forma adj. EBITDA LTM Q1 2021	**3.9bn[1]** Market cap, SEK
21% Net debt to market capitalisation[2]	**5.5x** Average historical acquisition multiple[3]	**20** Independent group entities

Source: Company information. Note: 1) As of 14 June 2021 2) Defined as Pro Forma Net interest bearing debt in relation to market capitalisation. 3) Average EV/adj. 1-year forward looking EBITDA acquisition mutltiple

Humble Group

Leading FMCG and foodtech Group set to disrupt the industry

HUMBLE GROUP IS A FUTURE-FMCG POWERHOUSE COMMITTED TO ENABLE PRODUCTS AND BRAND POTENTIAL, WITH A FUNDAMENTAL POSITION IN GLOBAL MEGA TRENDS; FUNCTIONAL FOOD, ECO-FRIENDLY AND SUSTAINABILITY, AND VEGAN PRODUCTS

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VISION

Provide the best modern FMCG products in the world

MISSION

WHY
We want to make people feel better in a sustainable way

WHAT
Challenge, innovate and disrupt the FMCG industry

HOW
Introducing new ingredients and FMCG-products, enhanced with the latest technology

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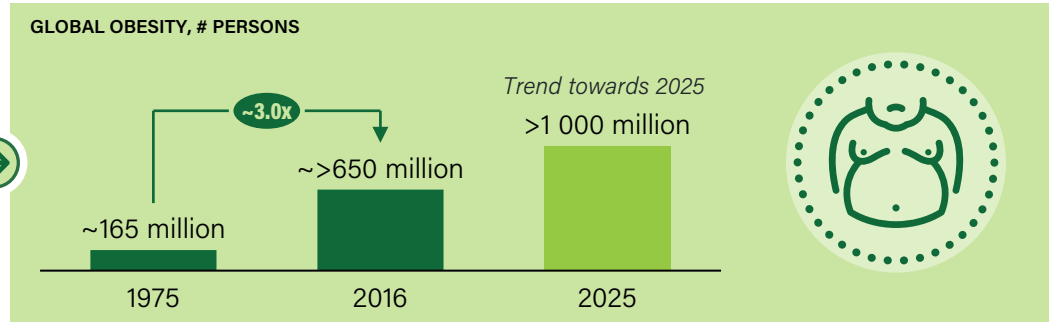
We must change the way we live

Humble Group addresses the largest challenges to our society and environment

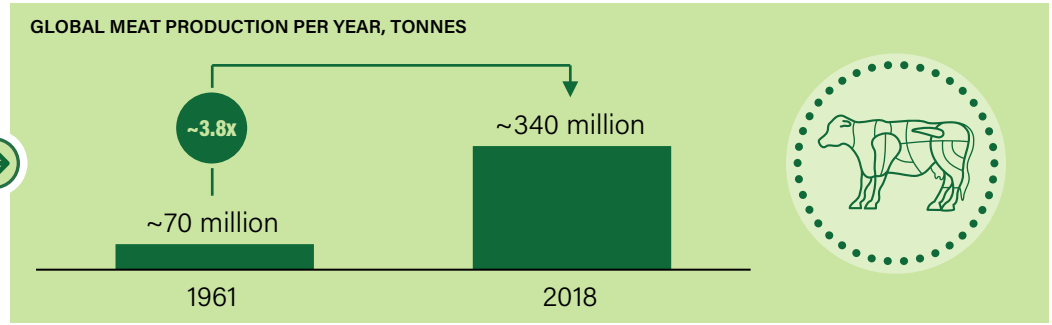
PROCESSED FOODS ARE ONE OF THE LARGEST HEALTH THREATS TO MANKIND

- **Obesity has nearly tripled** worldwide since 1975 due to increased intake of processed foods
- More than **1.9bn adults are overweight**, of which 650m obese
- For the majority of the global population, **overweight and obesity takes more lives than underweight**
- If current trends continue, it is estimated that **2.7 billion adults will be overweight,** of which **1 billion affected by obesity by 2025**



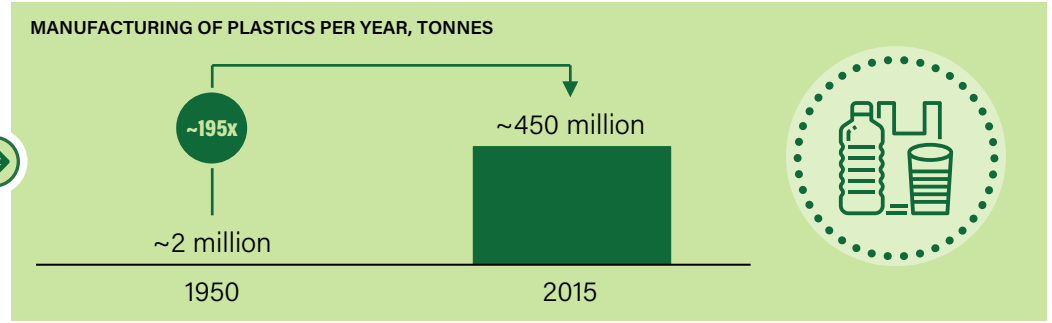
EXCESS CONSUMPTION OF MEAT AND DAIRY PRODUCTS DRIVES CLIMATE CHANGE

- Animal agriculture is estimated to cause emissions of **7.1 gigatons CO2** –eq. per annum
- The livestock sector represents **14.5% of human-induced green house gas emissions**
- **Milk, meat and eggs** accounts for the majority of emissions



UNSUSTAINABLE USE OF PLASTICS DESTROYS OUR PLANET

- **>450m tonnes** of plastics are produced each year
- Global plastic waste is estimated to **275m each year**
- **8m tonnes** of plastics ends up in our oceans every year
- Only **20%** of plastic waste is recycled



Source: World Health Organisation, Food and Agriculture Organization of the United Nations, National Geographic, ourworldindata.org, World Obesity (worlobesity.org)

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Global megatrends are shaping the future of FMCG

Environmental concerns, shifting demographics and customer behaviour are drastically changing one of the largest industries

Growing demand for sustainable solutions

ENVIRONMENT & CLIMATE CHANGE

- Increased environmentally-friendly agenda in politics, business and in the public opinion
- Accelerating climate change and increasingly severe consequences due to environmental pollution
- Increased focus on recycling and sustainable materials

DEMOGRAPHICS

- A new generation of consumers emerging with a unique mindset and set of values
- Consumers want committed, transparent brands with sustainable and natural products
- Increased access to information and schooling results in more informed decisions

Millennials and Generation Z are shaping the future

Diversifying values and lifestyles shifting towards higher requirements for personal health and environment

CHANGING LIFESTYLES

- Increasing demand for reduced sugar, raw or unprocessed foods
- Sustainability, natural and eco-friendly products in focus
- Products and services tailored to individual needs

TRENDS DRIVING A SHIFT IN CONSUMER BEHAVIOUR AND THE COMPETITIVE LANDSCAPE

POLITICAL AND ECONOMIC SHIFTS

- Tax duties levied on high-sugar/unhealthy foods, CO2 emissions and plastics
- Incomes are rising around the world and consumers can afford quality food (natural, environmentally-friendly etc.)

Power shifts in the global economy and geopolitical landscape

Accelerating technological change

TECHNOLOGY & DIGITALISATION

- Changing landscape of technological innovation across sectors (acceleration, hyperconnectivity and digitalisation)
- Technology as a driver for foodtech sector and the shift towards substitutes (e.g., meat and sugar)

RESOURCE PRESSURE

- Unsustainable consumption of natural resources
- Growing global demand for materials, land, food and water
- Rising awareness disrupting traditional manufacturers and products

Increasing need to embrace circular models

Source: Deloitte, EY, EEA

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Food industry *disruptors* have changed the landscape and become *rock stars* over night

THE ORIGINAL OATLY!

Founded 1994
Oat-based products
Market capitalisation of USD 17bn

BEYOND MEAT

Founded 2009
Plant-based meat products
Market cap of USD ~9bn

SMART SWEETS

Founded 2016
Sugar-reduced candy
Acquired by TPG Growth for USD 360m

RXBAR

Founded 2013
High-protein products
Acquired by Kellogg for USD 600m

else

Founded 2012
Plant-based baby formula
Market cap of USD ~170m

HALO TOP creamery

Founded 2012
Low-calorie ice cream
Estimated value of USD 2bn

GURU Organic ENERGY

Founded 1999
Organic energy drinks
Market cap of USD ~260m

QUEST NUTRITION

Founded 2010
High-protein products
Acquired by Well Enterprises for USD 1bn

Source: McKinsey & Company, Bain & Company, Dagens Industri, Bloomberg, TechCrunch.com, CNBC.com, Forbes.com, marketwatch.com

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Business overview

02

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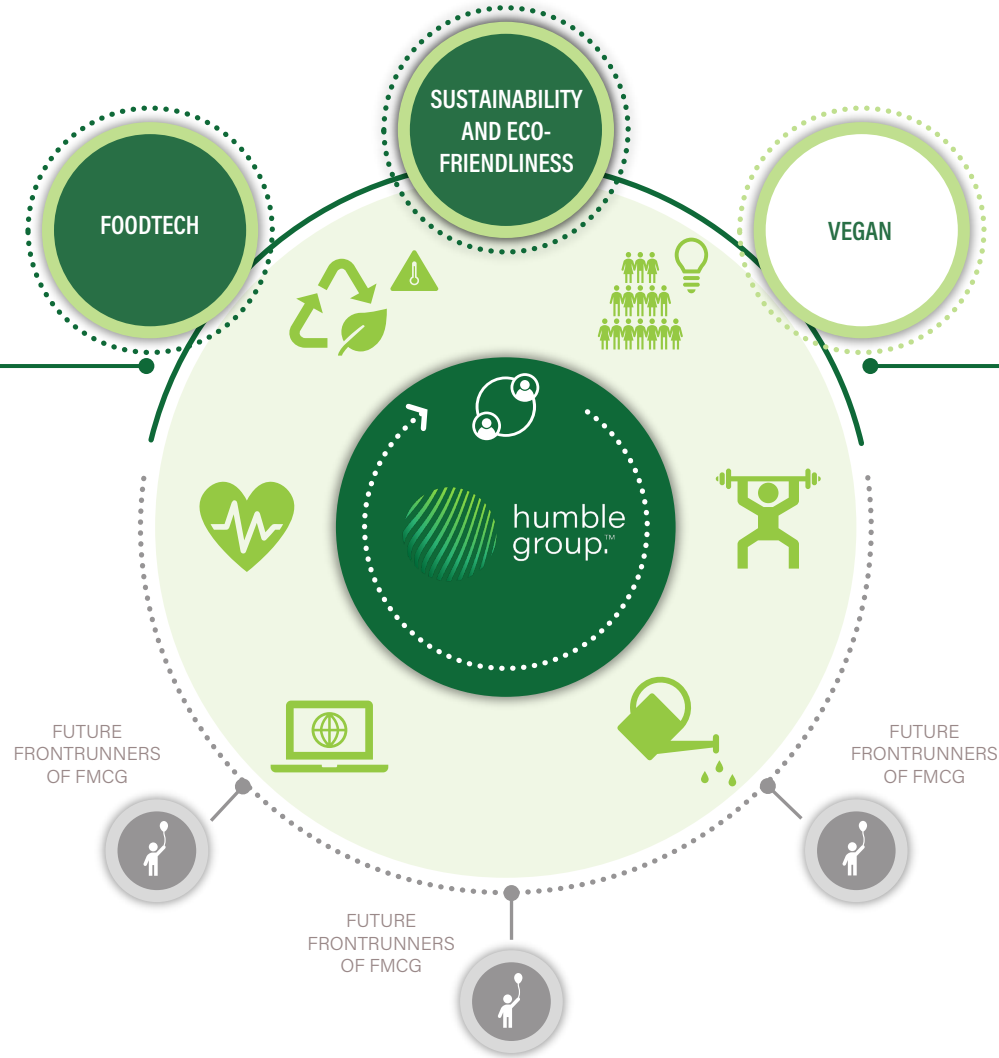
Creating the FMCG powerhouse of tomorrow

A Group committed to providing consumers innovative, sustainable and healthy products

HUMBLE GROUP TODAY

- Mission driven approach built on health and sustainability
- Monetize on global mega trends and shift in consumer behavior
- Industry frontrunner providing FMCG products of tomorrow
- Leading industry consolidator within our niche



THIS IS HOW WE WILL WIN THE GAME

- Focus on profitable cash generative market-leading acquisitions targets
- Creating a well-diversified and resilient portfolio of group companies
- Cross-sales and scale on technology, purchasing, manufacturing and distribution
- Long-term and sustainable profitable growth

Source: Company information

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Humble DNA and vision

Committed to providing consumers innovative, sustainable and healthy FMCG products

GLOBAL FORCES...

HUMAN HEALTH

Reduces the risk of obesity, diabetes and other potential diseases based on nutrition from food and beverage consumption

38%

increased risk of dying from heart diseases due to high sugar consumption1

GLOBAL SUSTAINABILITY

Focus on ensuring a sustainable food system that maintains ecosystems and consider climate change through minimizing waste

33%

amount of produced food that goes to waste globally

...ENABLED BY SUCCESS FACTORS

INNOVATION

Challenge, innovate and develop the FMCG industry by offering the best modern FMCG-products in the world

3,247,692,172

grams of sugar reduced, and counting

ENTREPRENEURSHIP

Run by entrepreneurs for entrepreneurs. Offers a platform and to enable continued growth in entrepreneurial businesses whilst fostering innovation

ENTPRENEURSHIP

autonomous and decentralised structure that promotes innovation

Source: Jama Internal Medicine, Food and Agriculture Organization of the United States (FAO)
Note: 1) In a study published in 2014 in JAMA Internal Medicine, researchers found an association between a high-sugar diet and a greater risk of dying from heart disease. Over the course of the 15-year study, people who got 17% to 21% of their calories from added sugar had a 38% higher risk of dying from cardiovascular disease compared with those who consumed 8% of their calories as added sugar

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Driven and committed management team

Highly experienced board of directors with strategic support from senior advisors

EXECUTIVE MANAGEMENT

SIMON PETRÉN
CEO

Founder and former CEO of Pändy Foods AB, entrepreneur and investor. M.Sc. from KTH Royal Institute of Technology

NOEL ABDAYEM
VP, COO Brands and Distribution

Entrepreneur and founder of The Humble Co., investor. and licensed dentist.

PATRIK EDSTRÖM
COO Manufacturing and Ingredients

CEO of R2 Group Sweden AB, Nordic Manager for Azelis, VP Marketing for Omya.
Holds an MBA from University of Gothenburg

JOHAN LENNARTSSON
CFO

Chartered accountant with previous experience from PwC. Holds a M.Sc. in Business Administration from Umeå University

MARCUS STENKIL
Head of M&A

Previous experience as an auditor at EY. Holds a M.Sc. in Business Administration from Gothenburg School of Business

STRATEGIC SUPPORT

JÖRGEN LARSSON
Senior Advisor

CEO and founder of Stillfront (Nasdaq Sweden), M&A group with EUR ~3 billion market cap

HÅKAN ROOS
Senior Advisor

CEO, founder and owner of the M&A group RoosGruppen

BOARD OF DIRECTORS

PETER WERME
CHAIRMAN

30 years experience as hedge fund manager. Runs the fund "Första entreprenörsfonden"

THOMAS PETRÉN

Serial entrepreneur and start-up-investor

MIKAEL PETTERSSON

Serial entrepreneur and tech investor. Executive background in digital marketing

BJÖRN WIDEGREN

Ex. CFO of Atria, food company with market cap of 600 million EUR, vast M&A experience

DAJANA MIRBORN

Previous experience include M&A at MTG and M&A and ECM at Carnegie Investment Bank. Currently Investment Responsible at Bonnier Ventures

HENRIK PATEK

Previously held several senior positions within the ICA Group. Currently Investment Manager at RoosGruppen AB

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M&A journey – the creation of the Humble Group

Swift transformation with 18+ acquisitions completed last 18 months

Change of the strategic direction for the Group

A Group positioned for the future of FMCG

2009	February 2020	June 2020	August 2020	September 2020	November 2020	November 2020	February 2021	April 2021	June 2021
Bayn Europe AB founded	Acquisition of Pändy	Acquisition of Tweek	Acquisition of Koppers Candy Sweden	Acquisition of Amerpharma	Acquisition of Green Sales Distribution	Acquisition of Golden Athlete	Acquisition of Humble Co.	Acquisition[1] of Grahns Konfektyr AB, Kryddhuset i Ljung AB, Performance R us AB, Nordic Sports Nutrition AB and Viterna AB	Acquisition of Wellibites AB, Be:Son Gross AB, Nordfood AB, Naty AB, Marabu GmbH, Fanystage Lda and Ewalco AB

Successful Initiatives

- CROSS PROMOTION ACROSS A WIDE DISTRITUBITON NETWORK
- COST AND PROCESS OPTIMISATION AND ECONOMIES OF SCALE
- BROADENED BUSINESS THROUGH NEW ECO- AND SUSTAINABILTY VERTICAL
- CAPITAL MARKETS TRANSCTION TO SUPPORT FUTURE GROWTH

Source: Company information. Note. 1) In connection the acquisitions in April 2021 the decision to acquire the accompanying real estate / properties in which the manufacturing take place was made.

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Value-add throughout the entire value chain

Targets verticals across the FMCG value chain in order to benefit from a swift and profitable go-to-market process

HUMBLE GROUP'S M&A STRATEGY

RAW MATERIALS → Target verticals → STORES

TECHNOLOGY

Developers of high-tech sweetening alternatives can charge **~4x** compared to traditional sugar producers


Bayn technologies

MANUFACTURING


Koppers Candy

Manufacturers of healthy alternatives are able to charge about **3x** as much compared to traditional alternatives

BRANDS

Large value-add enables high marketing spending that result in **strong brand awareness** and exclusivity


Pändy, Tweek Candy

DISTRIBUTION


The Humble. Co

Benefit from cross promotion of products in a **wide distribution network**

Source: Company information

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Humble Group operational platform

A FMCG powerhouse that controls and optimise the entire value chain whilst exploiting tangible synergies

ENTREPRENEURSHIP

Decentralised governance platform that promotes entrepreneurship – *the foundation for the future*

PURCHASING

Strong purchasing and negotiation power through combined purchases

TECHNOLOGY

Share recipes and scale on in-house innovative solutions such as EUREBA® across the product portfolio

EUREBA® is applied as the artificial sweetener in many products across the Group

MANUFACTURING

Shared manufacturing plants with all the technological solutions in place

Optimises manufacturing capacity

Utilize product development expertise across the Group

For example, several Group companies manufacture their products at Grahns Konfektyr

MARKETING AND SALES

Distinct Group profile that appeals to a growing target audience (eco-friendly, natural and vegan)

Cross-promotion of products on e-commerce platforms and leverage on an established customer base in a wide geographical area

DISTRIBUTION NETWORK

Wide distribution coverage by tapping into distribution network across multiple entities and countries

> 60,000 POS across 30 markets

CENTRAL STRUCTURE PLATFORM

SUPPLY CHAIN | PROCUREMENT | LOGISTICS | R&D | ECONOMY | MARKETING AND SALES

Source: Company information

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This is our foodtech business area

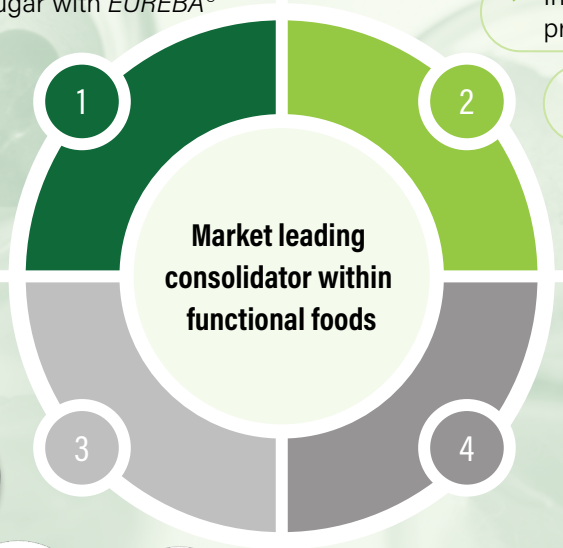
Market leading consolidator within functional foods

WHAT WE DO

- ✓ Produces and distributes functional food and "Better-for-you" products including sugar- and calorie reduced, vegan and vitamin enriched products
- ✓ Focusing on acquiring companies who are in transition from sugary products to sugar-free products and accelerate the process by replacing sugar with *EUREBA®*
  - Humble Group's own developed formula, EUREBA®, is a solution allowing producers to replace sugar with EUREBA® on a 1:1 ratio
- ✓ The functional food industry is fragmented with many small players with high potential, posing great opportunities to scale and benefit from synergies and intelligence sharing

BENEFITS OF CONSOLIDATING THE FUNCTIONAL FOOD INDUSTRY

- ✓ Increased purchasing and negotiation power
- ✓ Intelligence and technology sharing in production and product development
- ✓ Accelerate transition towards sugar reduction and sugar-free products through the EUREBA® formula
- ✓ Leverage on the extensive distribution network stretching over 60 markets



GROUP COMPANIES

BAYN, PÄNDY, amerpharma, TWEK SWEETS WITH BENEFITS, KOPPER'S CHOCOLATE, GREEN SALES, GRAHNS KONFEKTYR, KRYDD HUSET, GOLDEN ATHLETE, wellibites, eWalco

CONFECTIONARY HEALTH SECTOR

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This is our eco business area

Industry disruptor with a mission to induce a more sustainable living

WHAT WE DO

- ✓ Develop and distribute sustainable, natural and eco-friendly products
- ✓ Mission to offer sustainable and healthy products that maintains ecosystems and reduces carbon footprint through sustainable production, natural raw material and minimising waste and plastic consumption
  - Humble Group targets i.a. Millennials (a.k.a. Generation Y) and Generation Z which have high standards for healthy eco-products and demands an environmental focus for all companies
- ✓ Brands with a strong **sustainability and eco-friendly focus** including **energy and water reduction** at production facilities and **sustainable raw material**

THE HUMBLE® CO.

THE ECO GANG

KRYDD HUSET

GREEN SALES

ECO by Naty.

fancystage

CASE STUDY: THE HUMBLE CO.

- A high-growth eco-friendly oral care brand targeting millennial consumers with a unique heritage of the world's most sold bamboo toothbrush as well as complementary oral care products
- With more than 60,000 POS in over 30 countries, The Humble Co.. operates via a mix of direct and distributor model across markets
- The acquisition of The Humble Co. in March 2021 opened additional sales and distribution channels for the Group, with partially new markets, excepted to drive the Group's growth

THE HUMBLE CO. PRODUCT FAMILY

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Health and eco-friendly are high margin products

Humble Groups's products are marketed as premium products compared to traditional low-cost products

ILLUSTRATIVE

RELATIVE VALUE-ADD OF HEALTHY ALTERNATIVES AND SUSTAINABLE PRODUCTS

PROFIT ATTRIBUTED TO HUMBLE GROUP

Limited price elasticity which allows for an added price premium

Humble's healthy alternatives can be marketed as premium products compared to traditional sugar products

Manufacturing costs

Tweek

PROFIT ATTRIBUTED TO TRADITIONAL CANDY MANUFACTURER

Limited or no possibility to add a premium results in much of the profits is absorbed by the manufacturing costs

Manufacturing costs

Traditional candy

Source: Company information

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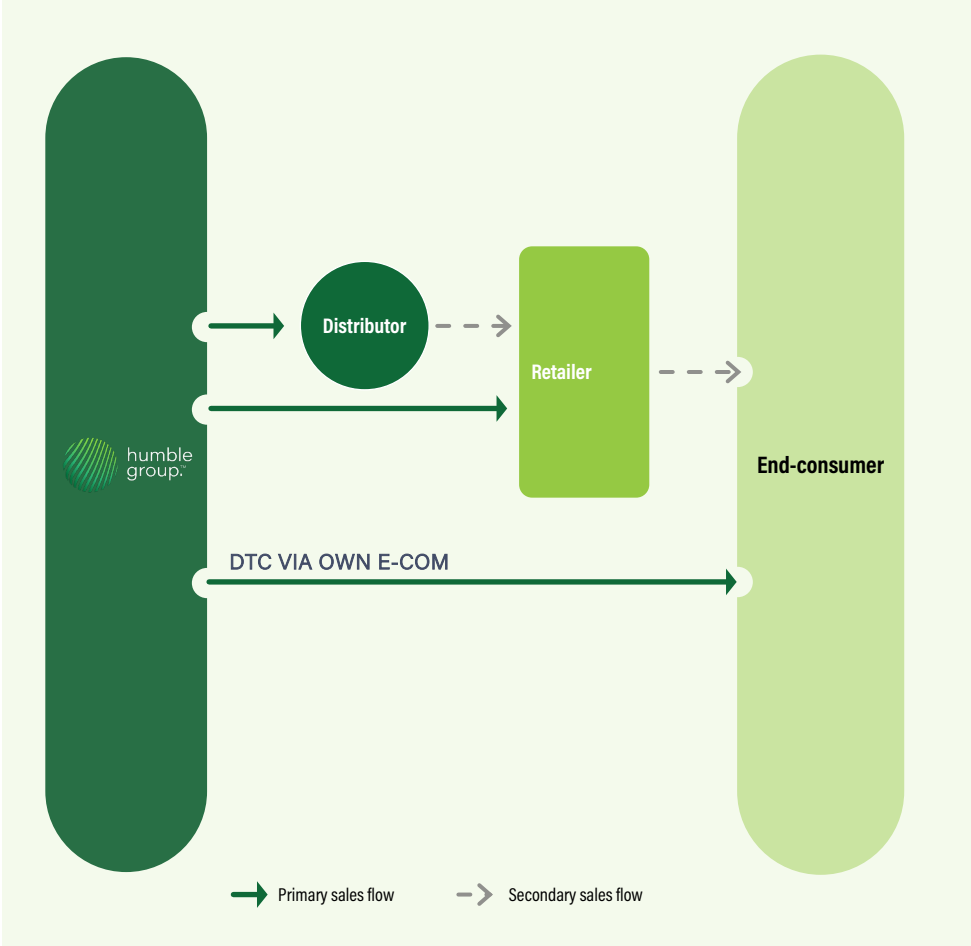
Data driven sales strategy

Agile go-to-market strategy with initial listings at all key channel partners and significant remaining whitespace

OVERVIEW OF SALES CHANNELS



CUSTOMER GROUPS – *HUMBLE CO. EXAMPLE*

Customer group	Description	Selected customers
Mass retail	• Most targeted channel representing nearly ~75% of sales	amazon, dm, TARGET, DOLLAR TREE
Independent retail	• Historically important channel to build brand and increase awareness	NATURE'S FOOD PATCH, the health store, THRIVE MARKET
Pharmacy	• Primary channel for toothbrushes in certain geographies	Boots, LloydsPharmacy, Walgreens
Dental	• Presence at dental chains and governmental clinics to promote high quality of products and credentialize the brand	M+W Dental, PLANMECA, Plusdent
Travel Retail	• Targeting major airlines and hotel chains	ROSEWOOD, SAS, Lufthansa
Other	• Includes own e-com, co-branding and private label	SWISS, CVS pharmacy, Kroger

Source Company information

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Humble Smile Foundation

Our own non-profit organization to give back to children in need

HUMBLE SMILE FOUNDATION

1% FOR SMILES WITH HUMBLE

50+	100,000+	20+	56	198	1 million+
Projects worldwide	Children helped	Partner universities and professional associations	Partner organizations worldwide	Volunteers from around the world	Toothbrushes donated

OVERVIEW

- Founded in 2015, Humble Smile Foundation is a non-profit organization that delivers professional and sustainable oral care projects where they are most needed around the globe
- Humble Smile Foundation's mission is to help prevent suffering caused by oral diseases by developing and sharing effective and sustainable models of oral health promotion for communities with high unmet needs
- Applies a holistic and human centered design approach that is unique in each specific location
- Projects are funded by donations from The Humble Co.. and the widespread support received from partners
- Led by Dr. Darren Weiss who has spent +20 years as a clinician and is supported by a group of dedicated dental professionals and academics

HUMBLE SMILE FOUNDATION PROJECTS

EXAMPLE PROJECT

Gogos Give Smiles (2018-present)

Location: Mpumalanga & Soweto, South Africa

Issue: high share of children with tooth decay from consuming products with added sugar on a daily basis and poor oral care

Mission: improve oral health integration in education and basic health care systems

Solution: preventive oral health interventions and advocacy

Result: oral hygiene and nutrition improved in over 3,000 children

SELECTED PARTNERS

Flagship Projects Support Projects

Source Company information

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Company strategy

03

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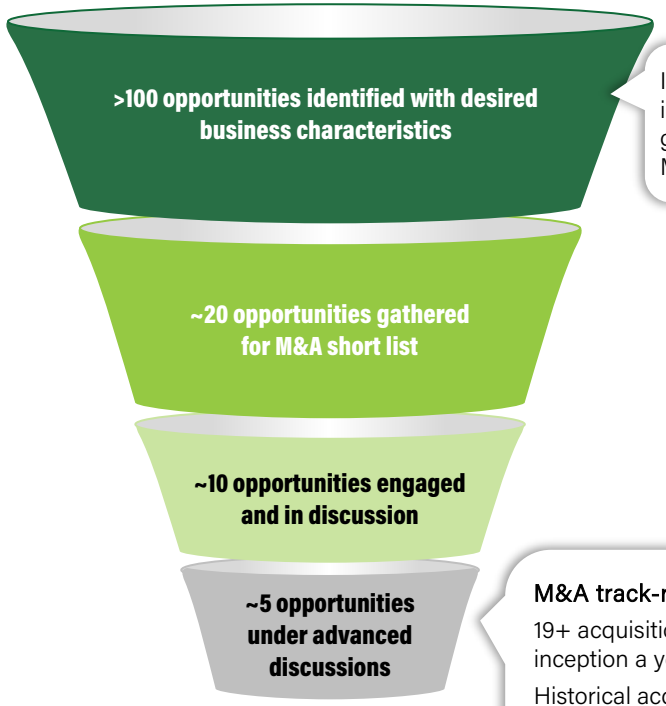
Fragmented market ripe for consolidation

Market characterised by entrepreneurial driven consolidation and a desire to join our journey

VAST UNIVERSE OF POTENTIAL TARGETS



Identified through own sourcing, inbounds as well as through group companies' proprietary M&A agenda

M&A track-record

19+ acquisition carried out since inception a year ago

Historical acquisition multiples EV/EBITDA of ~5.6x[1]

Historical split of cash and share consideration ca. 50/50

M&A STRATEGY AND INVESTMENT CRITERIA

- ✓ Entrepreneurship at heart and a desire to join our journey
- ✓ Continuously evaluate opportunities with a strategic fit and realisable synergies at attractive multiples
- ✓ High organic growth with positive EBITDA and cash flow contribution
- ✓ Payment typically a combination of cash, deferred payments and shares in Humble Group
- ✓ Established acquisition and integration process handled by Group management and the Board

WHAT WE OFFER

- Autonomous and decentralised structure that offers group performance programs and support
- Leverage on customer base and distribution network
- Strong entrepreneurial platform that build category winners and strong brands
- Financial support, risk diversification and tangible cost synergies
- Economic incentive through part payment in shares with performance-based earnout structure

Source: Company information. Note 1) Based of 1-year forward looking estimated adj. EBITDA

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M&A sourcing through dense network

The Group forms a robust platform for future acquisitions

DRIVEN AND EXPERIENCED MANAGEMENT

- ✓ Continue to build a founder-lead Group with a strong entrepreneurial spirit
- ✓ Utilize each founder's network
- ✓ Improve operations through active involvement in key areas

M&A ACCELERATOR

- ✓ Leverage an autonomous group structure with proprietary M&A agendas
- ✓ Build on strategic platform acquisitions with an acquisitive agenda within the eco-friendly personal care and food space
- ✓ Fragmented market with numerous attractive targets and current active dialogues leaving significant room for consolidation

FUNDAMENTAL GREEN PROFILE

- ✓ Leverage a profiled eco-friendly and sustainable Group that offers health and wellness products that enhances quality of life by improving lifestyle choices and habits
- ✓ Optimally positioned to benefit from global megatrends and capture shifting demographics and consumer preferences
- ✓ Significantly increased financial robustness and ESG profile improves access to capital

3 BOLT-ON ACQUISITIONS

2 ACCELERATED M&A PROCESS

1 PLATFORM ACQUISTION

Source: Company information

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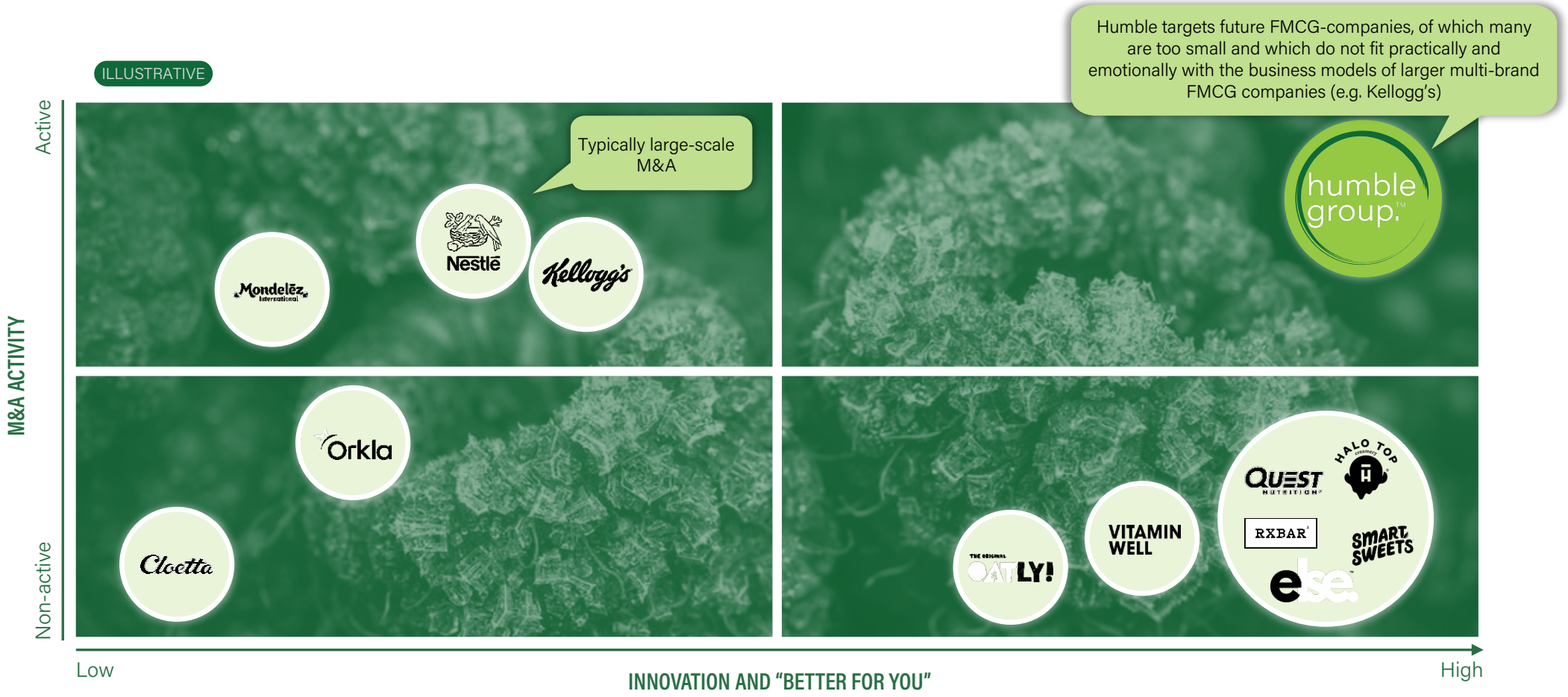
Unique market position

Unique position to leverage on our technology core and swift go-to-market process through coverage of the entire value chain



Source: Company estimates

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Operational and financial update

04

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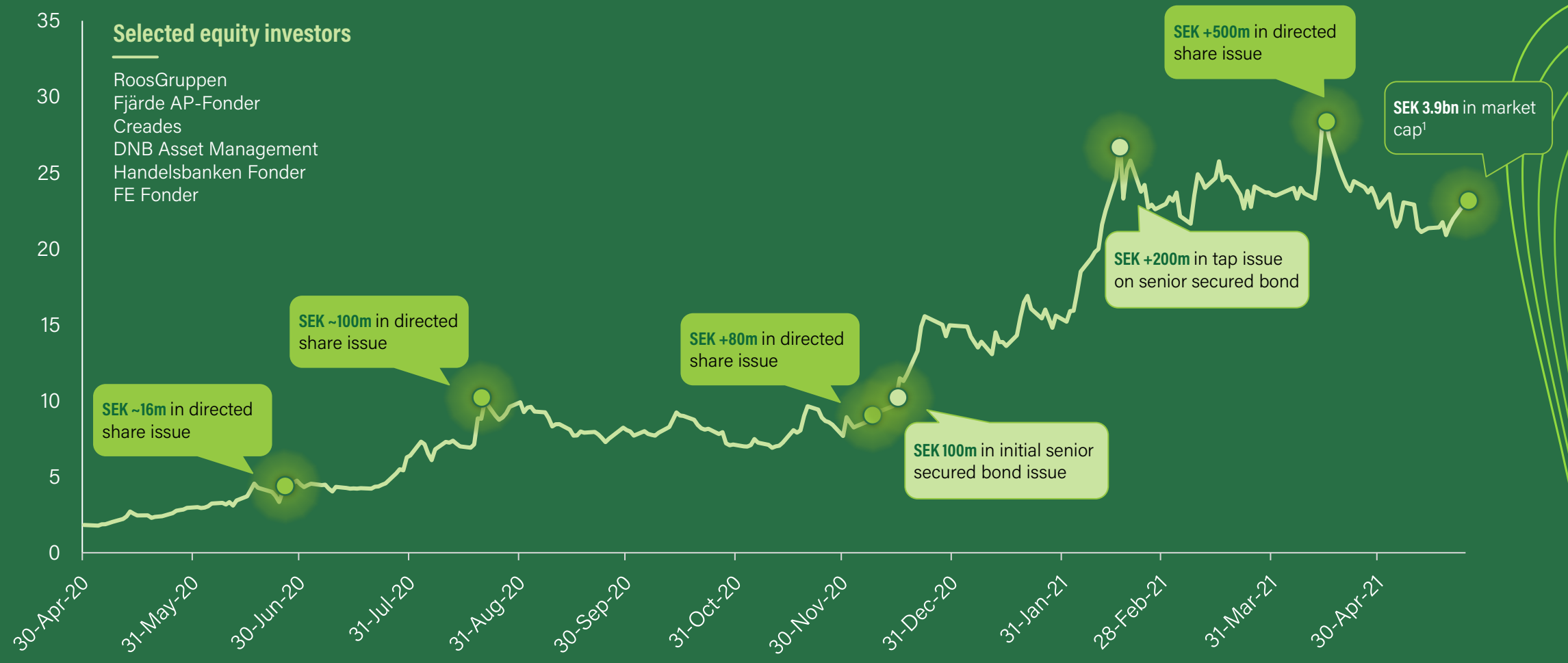
Proven access to equity capital and backed by highly reputable investors

A healthy balance sheet from recent equity issues allows us to continue our growth journey



Source: Bloomberg. Note: as of 16 June 2021.

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Active acquisitions

Strengthening the Group with 7 complementary acquisitions

RECENT ACQUISITION

NATY	FANCYSTAGE	WELLIBITES	EWALCO	MARABU	BESON & NORDFOOD	COMBINED
BUSINESS AREA / VERTICAL Eco-friendly and sustainability / All	BUSINESS AREA / VERTICAL Eco-friendly and sustainability / Manufacturing	BUSINESS AREA / VERTICAL Foodtech / Brands	BUSINESS AREA / VERTICAL Foodtech / Ingredient and R&D	BUSINESS AREA / VERTICAL All / Distribution	BUSINESS AREA / VERTICAL All / Distribution	• Strengthen the respective business areas with 7 new business units • Increased distribution and access to many global markets • Experienced R&D and product team for several areas and team added • Highly cash generative acquisitions
VALUE ADD • Strong brand • Strong export • Eco-enabling position	VALUE ADD • Value-chain synergies • Wide network • Strong cashflow	VALUE ADD • Established position in healthy candy • Additional foodtech-R&D	VALUE ADD • Experienced R&D team • Strong cashflow • No.1 foodtech-position	VALUE ADD • Access Europe No.1 Market • Experienced FMCG-team	VALUE ADD • Channel access in Nordic region • Strong cashflow • Product dev.	
TYPICAL PRODUCT Environmentally friendly, biodegradable and 100% plant based diapers	TYPICAL PRODUCT Personal care and cosmetics	TYPICAL PRODUCT Candy, sugar free, gluten free, palm oil free and vegan	TYPICAL PRODUCT Nuts, dried fruit, spices	TYPICAL PRODUCT Wide spectrum of FMCG	TYPICAL PRODUCT Preserves, convenience goods	

REVENUE	CASH CONSIDERATION
SEK 1,114m	SEK 875m / 67%
ADJ. EBITDA	**SHARE PAYMENT**
SEK 148m	SEK 426m / 33%

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Naty – A market leader in biodegradable products

The global leader in ECO products

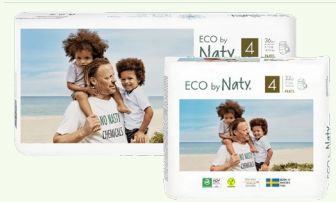
OVERVIEW OF NATY

- Naty was started in 1994 and is today the leading ECO brand globally with the highest eco certificates possible
- Produces eco-friendly and compostable products under the brand Eco by Naty, such as diapers, baby wipes, baby skincare and tampons
- Eco-friendly and biodegradable products manufactured from renewable and compostable materials that are good for the environment and the human health

ACQUISITION RATIONALE

- ✓ Market leader in compostable products with strong brand
- ✓ Proven business model
- ✓ Product offering fits perfect into the newly started business area Eco-friendly and Sustainability
- ✓ Strong export operations with legal entities in several countries
- ✓ Attractive potential growth with Millennials baby boom
- ✓ Fantastic road-to-market synergies
- ✓ Strong and stable cashflow with history of dividends

EXAMPLE PRODUCTS



LTM Q1 2021	NTM Q2 2021
Revenue SEK 273m	Revenue SEK 321m
Adj. EBITDA SEK 46m	Adj. EBITDA SEK 86m

ECO by Naty®

Source: Company information

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Fancystage – Geographical expansion

A European leader in personal care and cosmetics products

FANCYSTAGE

- Fancystage is a European leading skin & body care cosmetics products, including skin care, hair, bath & body and oral care
- With a production large facility in Portugal, Fancystage has a capacity to produce 26k tons of cosmetics products per year
- Fancystage's main business and focus is private label for third party brands, where it develop and product new and existing products, but also has some own brands

ACQUISITION RATIONALE

- ✓ Substantial production facility with large production capacity, creating synergies in production of other products in Humble Group
- ✓ Inhouse knowledge in product development and manufacturing
- ✓ Strategic position with great retail-relationship in southern Europe
- ✓ Strong and stable cashflow with history of dividends
- ✓ Entrepreneurial team with vast network in business segment

EXAMPLE PRODUCTS

Private label

Own brands

FancyMed®

Al&Jo

f&elfresh

vanessa wardle

LTM Q1 2021	NTM Q2 2021
Revenue	Revenue
SEK 103m	SEK 129m
Adj. EBITDA	Adj. EBITDA
SEK 57m	SEK 67m

fancystage

Source: Company information

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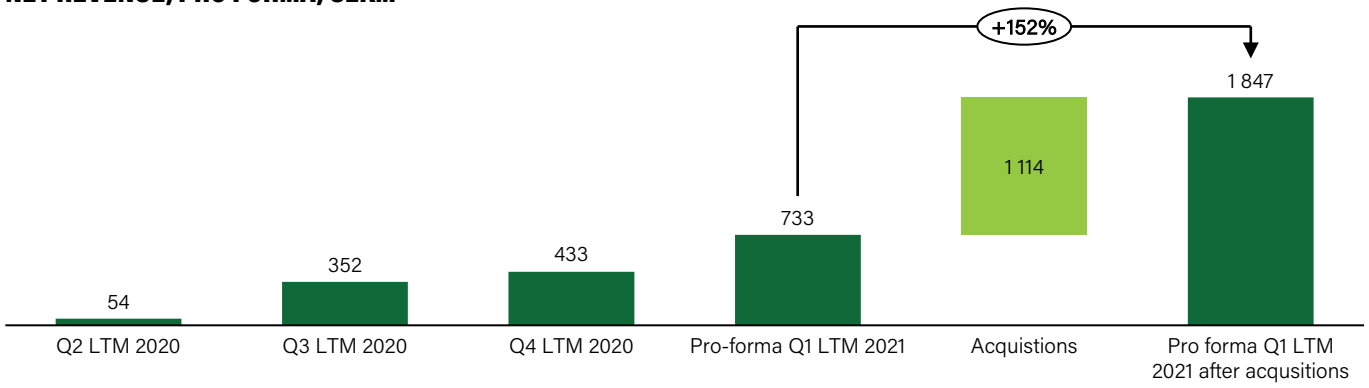
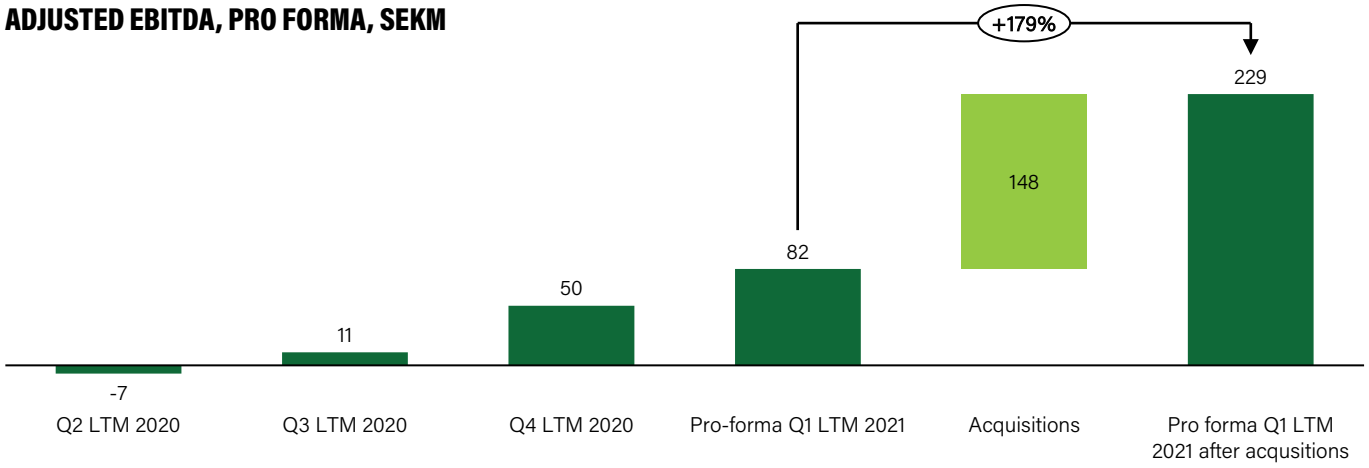
Financial trading

Significant financial contribution from the Q2 2021 acquisitions

NET REVENUE, PRO FORMA, SEKM



ADJUSTED EBITDA, PRO FORMA, SEKM



- Humble Group's journey throughout 2020 and the beginning of 2021 has consisted of several sizable acquisitions, contributing to a significant growth in net revenue and adjusted EBITDA
- In Q1 2021, Humble Group acquired The Humble Co., among others, which is expected to contribute with SEK 170m and SEK 70m of net revenue and adjusted EBITDA during 2021
- After the first quarter 2021, Humble Group has completed 12 acquisitions including the contemplated additional acquisitions of Naty, Marabu, Ewalco and Fancystage
- Net revenue and adjusted EBITDA per Q1 LTM pro forma 2021, including all acquisitions, amounts to SEK 1,847m and SEK 229m respectively

Source: Company information

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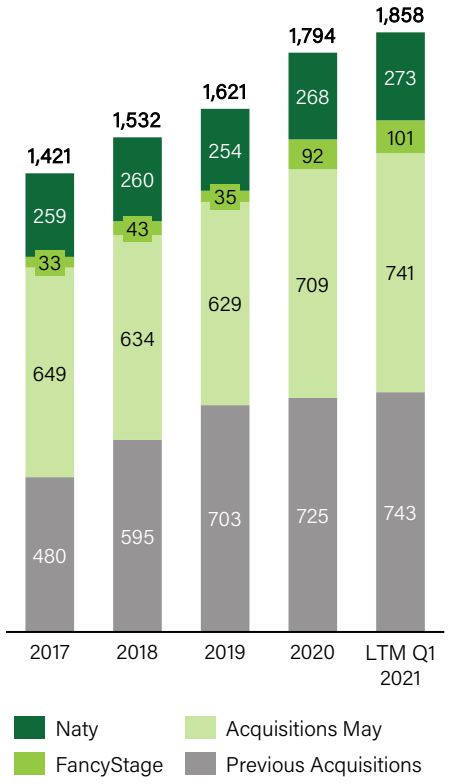
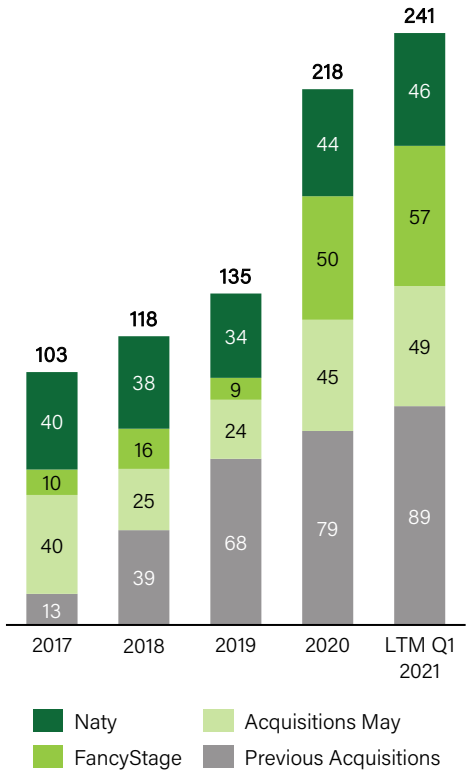
Historical financials acquisitions

Strong organic growth and profitability during the last 5 years

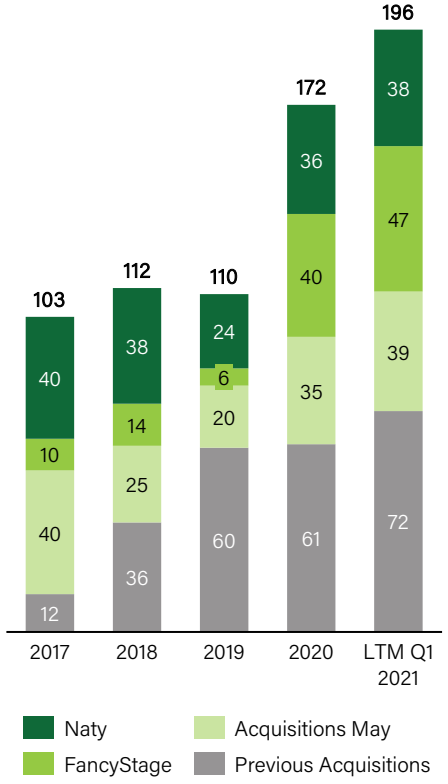
HISTORICAL REVENUE (PRO FORMA)



ADJ. EBITDA (PRO FORMA)



REPORTED EBITDA (PRO FORMA)



- Illustrative pro forma figures for the new Group as if it would have existed in its contemplated form since 2017
- Healthy historical trend with upward trajectory in both revenue and EBITDA (reported and adjusted) demonstrates a solid platform
- Adjustment to EBITDA primarily relates to negative one-off effects from the coronavirus pandemic and other customary non-recurring items (including transaction costs)

Note: Illustrative pro forma figures as if the new Group would have existed in its contemplated form since 2017. Please note that the financial figures have not been adjusted for group eliminations which explains the slight deviation from the previously displayed pro forma LTM Q1 2020 figures (for both revenue and adj. EBITDA).

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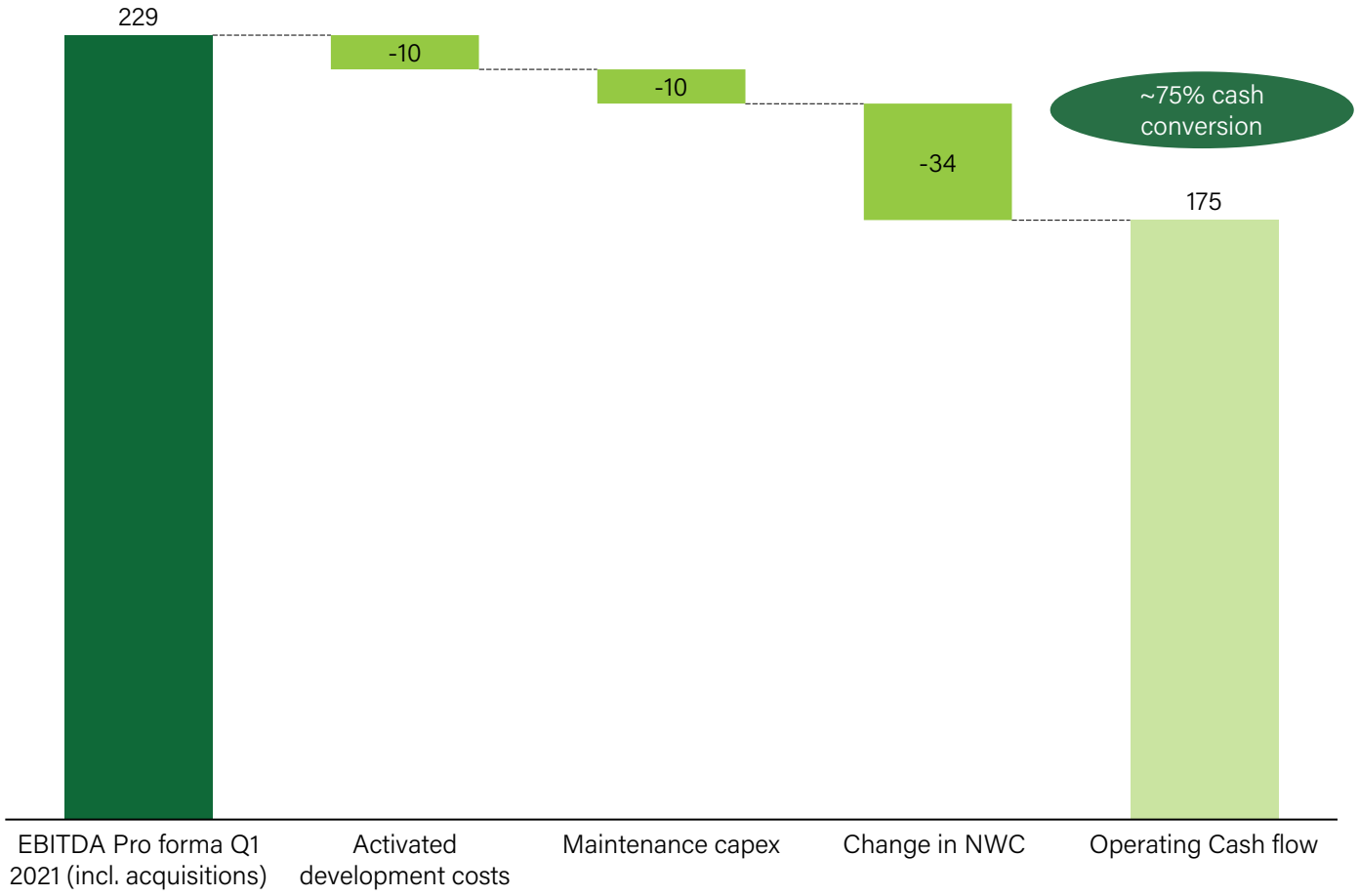
Illustrative cash flow for the new Group

ILLUSTRATIVE CASH FLOW, PRO FORMA, SEKM



- Management estimate net working capital (NWC) to account for circa 15% of adj. EBITDA
  - Management expects improvement in NWC profile following new cash pool arrangement with overdraft facility
- Activated R&D costs account for 0.5% of sales or SEK ~10m equivalent
- The new Group will have total overhead costs of less than 1% of sales
- The Group has historical losses meaning it will benefit from tax loss carry forward (i.e., no tax expenses) for the coming years
- Expected capex over the next 5 years is SEK 25m although SEK ~16m is related to a new factory for Amerpharma
- Management estimate approximately 75% cash conversion available for debt service moving forward

Source: Company information. Note: All numbers, excluding Adj. EBITDA, are illustrative and based on managements best estimates..

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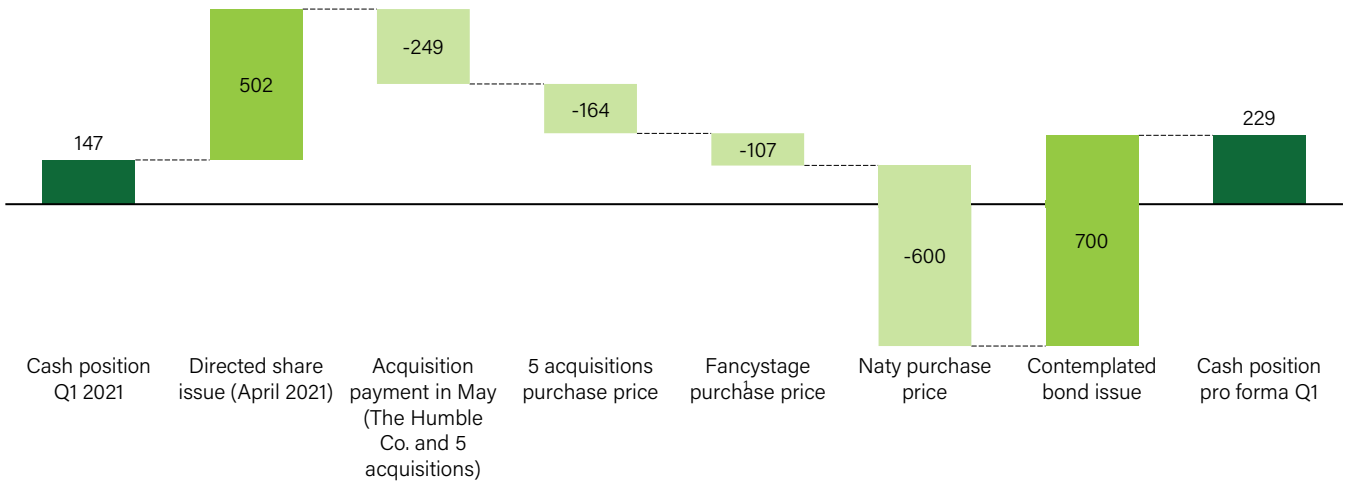
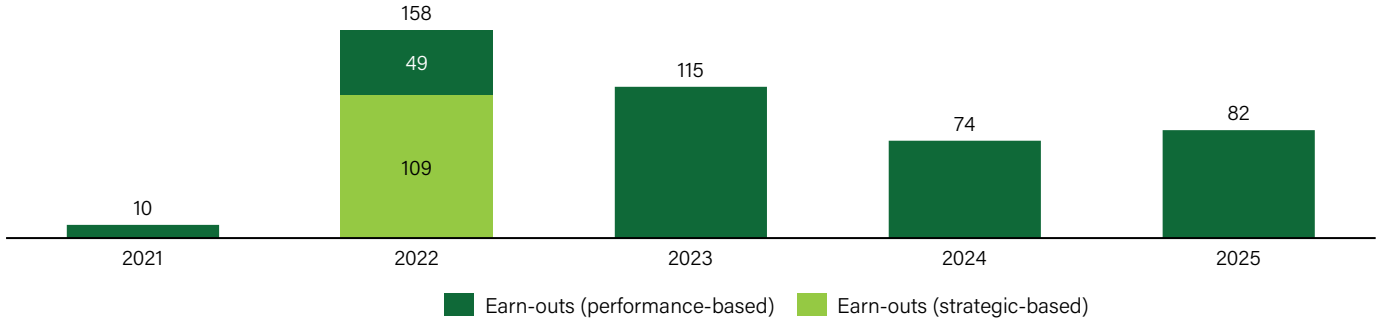
Financial position

FINANCIAL POSITION, PRO FORMA, SEKM



EARN-OUT STRUCTURE, SEKM



- In April 2021 conducted a directed share issue of SEK 502m to fund future acquisitions, leaving a total cash position of some SEK 650m following the transaction
- SEK 249m has been used to finance a deferred payment in Humble Co. as well as the cash consideration of the 5 acquisitions announced in April
- The 7 acquisitions in June carries a total upfront cash consideration of ca. SEK 871m, which will be financed by way of cash at hand and the contemplated bond issue of maximum SEK 700m
- Following payment of upfront cash consideration, approximately SEK 229m will be left on balance for general corporate purposes, including earn-outs and acquisitions
- Group has earn-out commitments of SEK 109m in 2022 based on strategic target fulfilments and certain specific terms and performance-based earn-out over the coming 4 years as illustrated to the left

Source: Company information. Note: 1) 5 acquisitions including Wellibites, Ewalco, Beson, Nordfood & Marabu.

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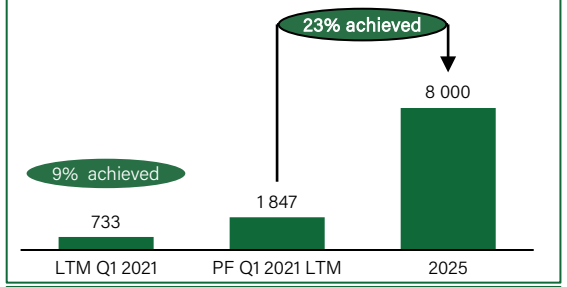
Medium term financial targets and dividend policy

Net sales	• The ambition is to achieve a sharp increase in sales in the coming years, driven by organic growth and acquisitions • The Company's ambition is to achieve an average organic growth of at least 10 percent per year • Reach net sales of SEK 8 billion pro forma, including acquisitions	
Profitability	• Achieve an adjusted EBITDA margin of 10 percent pro forma	**SEK 229m** Pro-forma Q1 2021 LTM post all acquisitions **12.4%** Pro-forma Q1 2021 LTM post all acquisitions
Capital structure	• Net debt in relation to LTM adjusted EBITDA shall not exceed 2.5 times • However, the Company may in special circumstances choose to exceed this level for shorter periods in connection with acquisitions	**3.5x** Pro-forma Q1 2021 LTM post all acquisitions and bond issue
Dividend policy	• When free cash flow exceeds available investments in profitable growth, and under the requirement that the capital structure target is met, the surplus will be distributed to shareholders	

Note: The Company's financial targets set forth above constitute forward-looking information that is subject to considerable uncertainty. The financial targets are based upon a number of assumptions relating to, among others, the development of the Company's industry, business, results of operations and financial condition. Company's business, results of operations and financial condition, and the development of the industry and the macroeconomic environment in which the Company operates, may differ materially from, and be more negative than, those assumed by the Company's when preparing the financial targets set out above. As a result, the Company's ability to reach these financial targets is subject to uncertainties and contingencies, some of which are beyond its control, and no assurance can be given that the Company will be able to reach these targets or that the Company's financial condition or results of operations will not be materially different from these financial targets.

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Roundup – Investment highlights

05

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Investment highlights

RIDING ON GLOBAL MEGA TRENDS – HEALTH AND SUSTAINABILITY
Optimally positioned to benefit from global megatrends and capture shifting demographics and consumer preferences

UNIQUE POSITION – FOODTECH, ECO AND VEGAN
Uniquely positioned to benefit from tangible synergies and scalability potential by leverage the Group platform, distribution and operations

BUILDING A LEADING FMCG GROUP
Creating a leading FMCG group in the forefront of functional foods and products that are offered with a focus on sustainability

STRONG BUSINESS PROFILE
Well-diversified, profitable and resilient portfolio of group companies

STRONG FINANCIAL PROFILE
Healthy balance sheet with high financial preparedness for further value accretive add-on acquisitions

PROVEN ACCESS TO EQUITY CAPITAL AND BACKED BY REPUTABLE INVESTORS
Backed by active investors with proven track-record of succeeding in field of M&A and roll-up strategy

ENGANGED MANAGEMENT
Entrepreneurial and experienced management team with extensive experience of innovative products

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Transaction background

06

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Transaction background

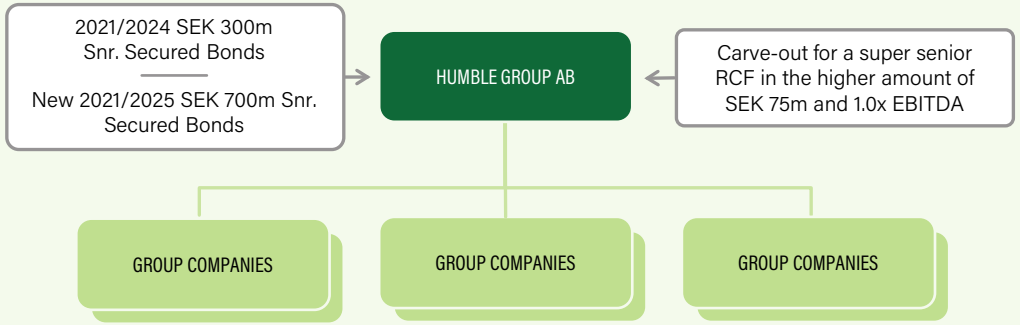
THE CONTEMPLATED TRANSACTION IN BRIEF

- On 5 January 2021, Humble Group AB (publ) ("**Humble Group**", the "**Company**", the "**Issuer**" or the "**Group**") issued SEK-denominated senior secured fixed rate bonds under a framework amount of SEK 500m with final maturity on 5 January 2024 (the "**Existing Bonds**"). As of today, SEK 300m is outstanding
- Transaction security under the Existing Bonds comprises pledges over shares in existing and future material group companies, representing ≥5% of consolidated EBITDA or total assets, and certain intercompany loans (the "**Security Package**")
- Humble Group is contemplating a series of strategic acquisitions, which are further described in this investor presentation. The acquisitions will be financed through issuance new shares directed to the sellers of the target companies as well as cash. The cash component will be partially funded with the proceeds from the directed share issue of ca. SEK 500m conducted in April 2021 as well as issuance of new bonds
- As part of strengthening Humble Group's financing platform and achieving a balanced maturity profile, the Company is evaluating the conditions to issue a new 4-year senior secured bond in the expected nominal amount of SEK 700m under a framework amount of SEK 1,500m (the "**New Bonds**") to, inter alia, partially finance the acquisitions and for general corporate purposes, including future earn-outs and acquisitions
- In addition to the New Bonds, the Company is looking to establish a cash pool arrangement and secure a revolving credit facility from a Nordic bank to finance general corporate purposes, mainly working capital, of the Group
- The New Bonds are proposed to share the Security Package with the Existing Bonds on pro rata basis. The revolving credit facility will rank super senior to the Existing Bonds and the New Bonds and regulated by an intercreditor agreement, subject to bondholders' consent
- Indicative Net debt/PF Adj. EBITDA Q1 2021 LTM following the acquisitions and the issue of New Bonds is 3.5x

ASK FOR BONDHOLDERS' CONSENT

- In conjunction with the issuance of New Bonds, the Company seeks certain amendments to the terms and conditions of the Existing Bonds as set forth in a separate notice of written procedure, including:
  1. Ability to share the Security Package with a super senior lender and the holders of the New Bonds;
  2. Ability for any group company to incur financial indebtedness in relation to properties owned by the group (with no-recourse towards the issuer), subject to LTV not exceeding 60%;
  3. Increase the basket size of the Permitted Credit Facility to the higher of SEK 75m and 1.0x EBITDA; and
  4. Any other changes necessary to facilitate the above
- Subject to approval of the requested amended terms and a successful issue of New Bonds, the Company will pay a consent fee of 1.25% of the total nominal amount of the Existing Bonds

SIMPLIFIED FINANCING STRUCTURE



INDICATIVE SOURCES AND USES

Sources	SEKm	Uses	SEKm
Senior secured bonds	700	Upfront transaction consideration	1,297
Equity issue directed to the sellers	426	General corporate purposes	229
Cash at hand	400[2]		
Total Sources	1,526		1,526

INDICATIVE PRO FORMA CAPITALISATION (Q1 2021)

	SEKm	x Adj. PF EBITDA[4]
Gross interest-bearing debt	1,040[1]	4.6x
Cash on balance	229	-1.0x
Net debt (+) / Net cash (-)	811	3.5x

Note: 1) Total interest bearing debt as of Q1 2021 SEK 340m + SEK 700m in new bond debt. 2) Q1 2021 cash position adjusted for SEK 502m directed share issue and SEK 266m in acquisition related cash payments for Humble Co. and 5x acquisitions in April 2021. PF Adj. EBITDA Q1 LTM 2021 = SEK 225

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Summary of indicative terms for new bond

Issuer	Humble Group AB (publ)
Initial issue volume	Max. SEK 700m (under a SEK 1,500m framework)
Tenor	4 years
Coupon	Floating rate, 3m Stibor + [●]bps (Stibor floor at zero)
Status	Senior secured
Security	Pledge over shares in current and future material group companies and material intercompany loans. Security packaged shared pro rata with the existing bond and regulated an ICA
Guarantees	Guarantees from current and future material group companies of the Issuer. Guarantees shared pro rata with the existing bond and regulated an ICA
Use of proceeds	Proceeds from the issue shall be used for i) acquisitions, ii) general corporate purposes and iii) transaction costs
Financial undertakings	**Maintenance test:** NIBD / Adj. EBITDA < 6.0x **Incurrence Test:** NIBD / Adj. EBITDA < 4.0x
Permitted debt and securities	Including, among other things, i) super senior credit facility, which shall not exceed the higher of SEK 75m or 1.0x adj. EBITDA, ii) property financing (subject to the LTV in relation to the relevant property not exceeding 60%), iii) a general basket of SEK 10m and iv) certain other customary baskets and exceptions
Distributions	No distributions are permitted
General undertakings	Customary undertakings including, but not limited to, no change in business, mergers and demergers, disposals, negative pledge, and financial information
Event of default	Customary provisions, subject to materiality threshold
Call option (American)	Non-call 24 months, callable at par plus a premium of 50.0% / 37.5% / 25.0% / 12.5% of the interest margin after 24 / 30 / 36 / 42 months. Par call the last 6 months if full refinance by way of a new market loan
Put option	Investor put at 101% upon i) any new person(s) acquires/controls more than 50% of the shares/voting rights, ii) listing failure of the bonds, or iii) de-listing of the bonds or common shares
Jurisdiction / Listing	Swedish law / Ambition to list within 30 days (listing failure after 60 days) on Nasdaq First North (or other unregulated market)
Agent	Nordic Trustee
Bookrunner	Carnegie Investment Bank AB

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Proposed amendment to the terms of the Existing Bonds

	Summary of existing terms	Proposed amendments
Issuer	Humble Group AB (publ)	-
Outstanding nominal amount	SEK 300m	-
Framework amount	SEK 500m, of which SEK 200m available for subsequent issues	-
Maturity date	5 January 2024	-
Coupon	Fixed rate of 9.50%, paid semi-annually	-
Status	Senior secured	-
Security	Pledge over shares in current and future material group companies and material intercompany loans	Security package and guarantees to be shared with i) a revolving credit facility (ranking super senior) and ii) any new pari debt (ranking pari passu and shared pro rata with the Existing Bond) provided that such debt has final maturity or early redemption dates after the Existing Bond and meets the incurrence test
Guarantees	Guarantees from current and future material group companies of the Issuer	
Financial undertakings	**Maintenance test:** NIBD / Adj. EBITDA < 5.0x **Incurrence Test:** NIBD / Adj. EBITDA < 3.0x	-
Permitted debt and securities	Including, among other things, i) credit facilities, which shall not exceed the higher of SEK 30m or 75% of adj. EBITDA in aggregate, and ii) a general basket of SEK 10m	**Credit facilities:** Basket size to be increased so that it shall not exceed the higher of SEK 75m and 1.0x Adj. EBITDA. Such facilities to share the Security Package and rank super senior to the Existing Bonds as per above **Property Financing:** Incurrence of financial indebtedness by a group company in relation to a property, which is on a non-recourse basis towards the Issuer and where the creditor only have recourse towards the relevant property ("Property Financing"), provided that the loan-to-value in relation to the relevant property shall not exceed 60%. Any Property Financing shall be excluded in the calculation of the Incurrence Test, but is, for the avoidance of doubt, still subject to the Maintenance Test
Distributions	No distributions are permitted	-
Call Option (American)	Non-call up until 5 July 2022, callable at 104.750% after 5 July 2022, 102.850% after 5 January 2023, 100.950% after 5 July 2023. Par call after 5 July 2020 if full refinance by way of a new market loan	-

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Risk factors

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Risk factors

*Investing in the bonds (the "**Bonds**") involves a set of inherent risks. In this section, a number of risk factors are illustrated, including risks pertaining to Humble Group AB (publ) (the "**Issuer**" or the "**Company**") and its subsidiaries (jointly the "**Group**" and individually a "**Group Company**") and the Group's business risks, financial risks, legal regulatory and social risks as well as risks relating to the Bonds. If any of these risks or uncertainties actually materialise, the business, prospects, financial position, reputation or results of operations of the Group could be materially and adversely affected, which could have a material adverse effect on the Group's ability to meet its obligations (including payment of interest and repayment of principal) terms and conditions of the Bonds (the "Terms and Conditions"). The risks presented in this section are not exhaustive as other risks not known to the Issuer or risks arising in the future may also come to adversely affect the Group, the price of the Bonds and the Issuer's ability to service its debt obligations. Further, the risk factors herein are not ranked in order of probability, importance or potential impact. Potential investors should carefully consider the information contained in this material and make an independent evaluation before making an investment decision.*

Risk factors specific and material to the Issuer and the Group

I. Risks relating to the Group's business activities, the industry and the market

Production risks

The Group conducts manufacturing and production of food and personal care products. Conducting such manufacturing includes risks. Disruptions in the manufacturing and production, *inter alia*, machinery breakdown, industrial disputes, disruption in IT-systems, fire, severe weather condition as well as other natural disasters, may affect the Group's production and manufacturing, and in turn the Group's ability to offer its products to its customers. There is also a risk for unforeseen costs due to machinery breakdown. If any of these risks were to materialise, it could result in the customers using other, competing suppliers of similar food or personal care products, which could have an adverse effect on the Group's business and operating results.

Furthermore, if the suppliers' businesses were to be affected by factors such as natural disasters, fire, power interruption or delays in their operations, there is a risk that the Group's supply of raw materials would be delayed and even cease for a time. Events that adversely affect the Group's suppliers of raw material may impair the Group's ability to obtain raw material in the quantities they need to produces their products. There is a risk that problem with the suppliers' businesses will result in negative consequences for the Group's business such as reduction of the Group's production and product sale, which could have a negative effect on the Group's business and financial condition.

Risks related to acquisition and expansion

The Issuer has in a short period of time acquired several of companies and has a strong ambition to keep a high acquisition-ratio in order to enter into new markets and grow internationally, mainly within Europe and the US. However, there is a risk that the Group will be unable to continue to identify suitable acquisition targets and carry out acquisitions on favourable terms (or at all) or that competitive bidders will push up the price of the acquisition targets, which could have a material adverse effect on the Group's future prospects as it would not be able to carry out investments, at all or on favourable terms, thus reducing the Group's chance to reach financial targets.

Furthermore, the acquisition of a company is an extensive and complex process that includes large costs for, *inter alia*, financial, legal, tax and other advisors, a significant part of which is charged to the Issuer even if an acquisition process is aborted. Accordingly, if the Group is unable to complete a sufficient share of commenced acquisition processes, the Group will contract costs without any corresponding gain, which would reduce the Group's profits and financial position over time. Furthermore, the acquisition and integration of new products, business units and business divisions, such as new business divisions through acquisition of companies, may be associated with uncertainty, for example, the risk that costs related to an acquisition becomes higher than expected or that future results and synergy effects do not correspond with the expectations. There is also a risk that contractual arrangements made with sellers of products, business units or business divisions prove to be ineffective, which could cause problems or unforeseen risks following the acquisition. Contractual negotiations can lead to costs which may be significant and which may not be recovered or compensated for in the event of a transaction not being completed. Any such unforeseen events in connection with acquisitions of products and businesses could have a negative effect on the Group's business and financial position. It may also be difficult for the Group to fully understand and predict taste preferences and purchasing habits of customers of the newly acquired companies. There is also a risk that the results of the focus on certain key markets for this business division do not turn out as expected. Should any of these risks materialise it may lead to adverse effects on the Groups profits and financial position.

Managing expansion also requires development of, *inter alia*, the Group's financial control systems, integration of acquired companies with existing operations and continued training and supervision of personnel, and the ability to manage the risks and liabilities associated with the acquired businesses.

On 11 June 2021, the Issuer acquired Wellibites AB, a leading brand within sugar-free and vitamin-enriched sweets, and the Issuer is forecasting a net income of SEK 21.1 million and an EBITDA of SEK 5.1 million from the company for the coming 12 months. The Issuer is contemplating to continue to grow rapidly by acquiring additional companies, amongst other, Naty AB, an eco-friendly producer of, among other things, diapers and wipes that contain no oil based plastic or chemicals.

There is a risk that the Group does not have sufficient resources or time to establish procedures that allow for the full integration of completed and potential future acquisitions. There is thus a risk that the Group does not achieve expected financial and strategic synergies, as well as a continued expansion may lead to, *inter alia*, regulatory, personnel, technological as well as other challenges, which will increase the Group's expenses or delay the Group's profitability, which may have a negative effect on the Group's business and brands. In addition to the expansion of the Group's business, it may be difficult for the Group to understand and predict taste preferences and purchasing habits of customers on new geographic markets. It may be costly to establish, develop and maintain international operations and develop and promote the Group's brand on the international markets.

Risks relating to acquisition of Amerpharma

In December of 2020, the Issuer acquired a majority of the registered share capital of Klement Spolka Z Ograniczona Odpowiedzialnosc ("**Amerpharma**") but does not control a majority of the voting power in the entity. Since the Issuer, as of today, does not control Amerpharma, it does not constitute a subsidiary of the Group. Thus, the Issuer may not be able to consolidate Amerpharma in the Group's consolidated financial statements as a subsidiary. In addition, if the Issuer's acquisition analysis with respect to Amerpharma for some reason proves to be incorrect, it cannot be guaranteed that Issuer will be allowed to continue to consolidate Amerpharma in proportion to its ownership share. If any of the above risks materialises and is not remedied it may have a material adverse effect on the financial position, operations and reputation of the Group.

The acquisition of Amerpharma means that a significant part of the Group's Polish operations relating to food products will be carried out in co-operation with a partner in an arrangement similar to a joint venture. Such operations will be subject to a shareholders' agreement that may contain provisions regarding, *inter alia*, co-operation, voting and veto rights, incurrence of indebtedness and restrictions on establishment of encumbrances. The provisions therein, or in any other similar agreement among the partners, may have a negative impact on, or restrict, the business and financial position of such operations as well as the Group. In addition, such provisions may restrict certain security arrangements to be set up in favour of the bondholders under the Terms and Conditions or reduce the Issuer's influence over such operations in a way which adversely affects the Issuer's ability to act in compliance with the relevant requirements under the Terms and Conditions, which in turn could result in an acceleration of the Bonds and have a material adverse effect on the bondholders' recovery in respect of the Bonds.

Risk factors

Further, any co-operation partner or other business partner of the Group may have different approaches with respect to co-operations or joint ventures and if the Group is unable to reach agreement with such partner, the Group may fail to operate the business successfully or even exit the co-operation at an acceptable price or at all. Any such partner may also be subject to changes in control that may affect its ability to continue the partnerships. Any partner of the Group may also face financial difficulties, which may prevent such partner from supporting the operations of, or investing further capital in, the co-operation. Consequently, any material disagreements with a co-operation partner or other business partner and changes in control and/or financial difficulties of such partner could have a material negative impact on the Group's business.

Risks related to scientific research
Following the acquisitions of Grahns Konfektyr AB, Kryddhuset i Ljung AB, Performance R us AB, Nordic Sports Nutrition AB and Viterna AB, the Group's food product division offers several of types of solutions, e.g. the product EUREBA®, which is sweetened fibres meant to replace sugar, as well as tailor-made solutions under the name Bayn Services, in which the Group offers advice and practical support to companies developing food products without sugar. When offering Bayn Services, the Group conducts scientific research to find the most suitable solution for the specific customer's development of food products. Furthermore, the personal care product division offers various products, such as bamboo toothbrushes, bamboo toothbrush heads for electric toothbrushes, toothpastes, floss picks and more, in which the Group conducts related research and development in-house and to some extent by testing ideas with current and potential suppliers. Conducting scientific research always involves risks. If the product will not fulfil the intent of the scientific research, the Group may suffer increased costs without corresponding operational results.
Part of the Group's business consists of developing products with the purpose of replacing unhealthy food products, products containing, *inter alia*, regular sugar, glucose syrup and other high-energy bulk sweeteners. There is a risk that the products developed by Group will not turn out as expected or desired or that they fail to meet any applicable regulatory requirements. Such failure may affect the Group's business negatively. The Group's operations are partly dependent on the development of new food and eco-friendly personal care products in order to expand and retain positive operating results. Therefore, failure to produce new successful food or eco-friendly personal care products may have a negative effect on the Group's business and financial position. The success of the Group's innovation and product development efforts are affected by the Group's ability to anticipate changes in consumer preferences, the technical capability of the Group's development and testing of its product candidates. There is a risk that failure of the Group to develop and market new products that appeal to consumers will lead to decrease in the Group's growth, sales and profitability.

Risks related to acquisition and management of properties
In connection with the acquisitions of Grahns Konfektyr AB, the Group acquired two properties with production facilities. The Group may also complete additional acquisitions of properties in the future when acquiring property-owning companies.
Acquisition, as well as management, of properties and productions facilities have not constituted a central part of the Group's business and the acquisition of properties and facilities requires, among other things, an analysis that is subject to a wide variety of factors, including subjective assessments and assumptions as to current and future prospect. There is a risk that the Group may overestimate the potential of a real estate asset when making acquisition decisions or may base its decision on inaccurate information or assumptions that turn out to be incorrect. The Group may also underestimate the likelihood that a newly acquired property will require substantial renovation or capital repairs. Such errors may only become apparent at a later stage and force the Group to recognise fair value losses on its statement of financial position and income statement. Furthermore, the due diligence performed by the Group when acquiring a real estate asset may not cover all the potential liabilities and risks related to the property or the facility (such as construction defects or contaminations). There is also a risk that Grahns Konfektyr AB and Kryddhuset i Ljung ABs' production facilities are significantly damaged, which would render a loss of income to the Group.
The Group must also comply with regulations in relation to environment, health and safety in respect of its properties. As the owner of properties, the Group could be held liable for deterioration, damage, encumbrance or other hazardous causes originating from the operation of the properties, which may not be known or recognisable at the time of the purchase or which may occur later. The costs of any removal or clean up that may be necessary due to any deterioration, contamination, damage, encumbrance or hazardous materials may be higher than anticipated by the Group. Failure to comply with environmental regulations, or the need to comply with stricter new environmental regulations that may be introduced, could lead to substantial costs and hinder the development of the Group's operations.

Sales and distribution risks
The Group has sales in over 30 countries and operates a mix of a distributor-driven and direct go-to-market model as well as through co-innovation with customers in selected markets. The Group has recently introduced a new strategy for sales regarding its food products division. In accordance with such new strategy, the Group's sellers, operating by convincing potential buyers to choose the Group's products, has been replaced with sales consultants. The sales consultants are supposed to assist prospective as well as existing customers when developing products with reduced sugar. This is to be achieved through replacement of sugar with sweetened fiber. The method of consultative sales may not achieve the results aspired. Therefore, there is a risk that the Group's sales will decrease due to the new strategy.
Further, the Group conducts the distribution of certain of its products to retailers. The Group's delivery services and shipments to such retailers are subject to risks, *inter alia*, employee strikes and increases in fuel prices, taxes or administrative fees that can increase the Group's shipping costs, as well as natural disasters, which may impact the Group's ability to meet their contractual obligations.
If any of these risks were to materialise, there is a risk that the Group will suffer a decrease in sales, increased costs or be unable to deliver its products, which will have a negative effect on the Group's revenue and operating results.

Market risks
Part of the Group's business is to conclude satisfactory agreements with European food producers, distributors and retailers. In order to reach such agreements, the Group must gain the food producers', distributors' or retailers' trust and convince them to make use of the Group's expertise or products. There is always a risk that the Group will not succeed in creating business relationships with such producers, distributors or retailers. If such risk was to materialise, the Group's operation will not grow or be retained as predicted or required, which could have a negative effect on the Group's business as well as its operating results.
The Group uses raw materials for the production of the Group's products, for example the product NAVIA®, a substitute to sugar, bamboo, an eco-friendly substitute to plastic in toothbrushes and plant-based materials. The quality of the raw materials is of material importance for the Group. Should the quality of raw materials prove to be poor, this may reduce the Group's output on the market. There is a risk that operators on the supermarkets or other distributors will not accept or sell any of the Group's products that are currently being marketed. Should such decline in the market reception for said products materialise, it could have a negative effect on the Group's reputation and sales. If there were to be a negative impact on the Group's reputation and sales, it would affect the Group's business and operating results negatively.

Risk factors

The Group is targeting the Irish and UK market, where food producers have evolved in the development of reducing sugar in comparison to rest of Europe. Due to the uncertain future of trade between the EU and the UK following the UK's departure from the EU, as well as legal and regulatory changes in the UK, the Group may be prevented from developing its business in the UK. There is a risk that the UK will lose or reduce its access to the EU market and that travel between the UK and the EU countries will be restricted, as well as the adoption of regulatory constraints on the free movement of goods. Until the negotiation process regarding the future relationship between the UK and the EU is completed, and any associated agreements have been ratified in both the UK and the EU, it is difficult for the Group to anticipate the potential impact on its intended operations in the UK. There is a risk that such operations might not be carried out at all, or that the conduct of business in the UK will be severely restricted as a result of regulatory requirements. If such risks would materialise, the Group's business will not grow as expected, which will affect the Group's business and future operations and revenues.

Competition risks and risks related to limited resources
The Group has historically operated on markets where it has refined and sold plant extracts, mainly from stevia, both to distributors and individual direct customers. These markets are characterised by competition, and there is no guarantee that the Group's products will be preferred over competing companies' existing or future products on such markets. In the recent years, the Group has been undergoing a transformation from a company whose main business is to sell raw materials for sugar reduction to a company whose main business is to sell complete solutions for sugar reduction. Such a market is less competitive and less subject to price pressure compared to the market consisting of refined plants extract. Through the acquisition of The Humble Co. AB, as well as subsequent acquisitions, the Group's main business expands to also include sale of sustainable eco-friendly products on the highly competitive personal care market. Multinational corporations with substantially greater resources and operations generally dominate the food and personal care industries. Such corporations or other conventional food or personal care companies may acquire the Group's competitors or launch similar products to the ones of the Group, and may be able to use their resources and scale to respond to competitive pressure and changes in consumer preference by, *inter alia*, introducing new products, reducing prices or increasing promotional activities. Therefore there is a risk that competitors of the Group with greater financial resources and expertise in research and development of products, as well as marketing of such products, may increase on the market where the Group operates. In connection thereto, the Group is a minor operator on the market for food and personal care products, with relatively limited resources for management, administration and capital and hence must be organised and disposed in a manner suitable for the Group's operations. Thus, there is also a risk that the Group's resources will be insufficient for organising and disposing the operations in such manner to meet increased competition.
Competitive pressures or other related factors, such as limited resources, could cause the Group to lose market share, which may require the Group to lower prices, increase marketing and advertising measures or increase discount on products, each of which may have an adversely negative impact on the Group's margins and could result in a decrease in the Group's operating results. There is also a risk that competitors on all markets develop more affordable and more attractive products than the Group. These competing products may render the Group's products obsolete or may limit the ability of the Group to generate revenue, which could have a negative effect on the Group's business, operating results and financial position.

Reputational risks
The Group is dependent on its ability to continuously adapt its product offerings to changes in consumer trends and preferences over time. The consumers may conclude that the Group's products are too expensive or less attractive than other products available on the market. The Group aims to provide its customers with high-quality products as a substitution for products containing sugar as well as sustainable and eco-friendly personal care products as a substitution for less sustainable and eco-friendly personal care products. Real or perceived quality or sustainability, safety concerns or failures to comply with applicable regulations and requirements, involving the Group and its competitors operating on the same markets, may cause negative publicity and reduced confidence in the Group and the Group's brands and products. Such reduced confidence may harm the Group's reputation as well as its sales. Any loss of confidence on the part of consumers as regards the ingredients used in the Group's products or in the safety, sustainability and quality of the Group's products may be difficult for the Group's operations to overcome and may cause the Group comprehensive costs.
Furthermore, the Group's customers of the service Bayn Services, being food producers, are operating in an industry where confidence in the producer is of great importance; consumers entrust the food producers with their health and well-being. A producer who betrays trust, whether out of negligence or for profit, has a long way to go before the trust is restored. There is a risk that the Group is to be associated with a food producer being subject to public criticisms or other negative marketing or rumours. If such risk were to materialise the Group's reputation may suffer negative consequences, which may have a negative impact on the Group's operations and its business.

Dependency on key personnel
The Group is highly dependent on certain key personnel. The Group currently employs skilled personnel of which certain individuals have been involved in the Group's business since the establishment. Therefore, such employees have knowledge and experience of the Group's business and the industries in which the Group operates. The Group is further dependent on the management team and Vice President of sales in North America as for the business division of The Humble Co. AB and a few technicians operating in the Group's subsidiary Bayn Solutions AB, who are conducting part of the Group's scientific research. The loss of any of the Group's key employees could delay or obstruct the Group's expansion and acquisition of other companies, development of new products and sales of existing products. If the Group is unsuccessful in its retention efforts, the development of the Group's business may slow down or be reduced significantly. Such consequences would have a negative effect on the Group's business and in the long run, the Group's operating results.

The outbreak of the coronavirus
The outbreak of the coronavirus disease, COVID-19, is generally deemed a global pandemic. The spread of COVID-19 has had severe disruptive effects on the Swedish and global economy and has caused increased volatility and declines in financial markets. The Group is dependent on its suppliers, retailers and costumers, for instance there is a risk that Performance R us AB, Nordic Sports Nutrition AB and Viterna ABs' physical retailers close their stores or that lock downs are imposed, which consequently would affect the Group's sales. Such a risk has to some extent been visible in regard to the Group's personal care products division and pick and mix candy.
If the pandemic continues over a prolonged period of time, the adverse impact on the global economy could deepen and result in material adverse effects on the Group's operations, sales and financial position as well as overall future prospects.

Risk factors

II. Legal and regulatory risks

Legal and regulatory challenges and changes

Selling food for human consumption and products for personal care involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety in particular. The Group's products are subject to numerous laws and regulations relating to sourcing, manufacturing, storing, labelling, marketing, advertising and distributing the Group's products. There is a risk that the Group will be subject to civil remedies or penalties, *inter alia*, fines, injunctions, warning letters, restriction on the marketing or manufacturing of the Group's products, or refusals to permit the import or export of products, as well as potential criminal sanctions. Changes in legislation or regulation, including reclassification of food products such as dietary fiber or sugar or changes in the requirements for approval from, or changes in guidelines issued by, *inter alia*, the Food and Drug Administration (the "**FDA**") and the Medical Products Agency (Sw. *Läkemedelsverket*) regarding personal care products such as mouthwash and toothpaste, may result in increased costs for regulatory compliance, forced and costly product development, changes in consumer preferences and additional administration costs for the Group. In addition, it is not certain that any envisaged new food or personal care products of the Group will receive applicable required approvals by the relevant authorities, which could delay new product launches, increase costs for research and development as well as result in a decrease in cash flow of the Group. Moreover, if the Group fails to comply with applicable regulatory requirements, the Group may be liable to pay damages or fines and be subject to suspension or withdrawal of regulatory approvals, operating restrictions and prosecution, as applicable, which could adversely affect the Issuer's business, operating results and financial position. Furthermore, any instances of food contamination or regulatory non-compliance, whether or not caused by the Group's actions, could result in the Group having to recall its products from the market. Product recalls could result in significant losses due to the cost for such recalls as well as loss of sales, loss of existing distributors for such product and may have a negative impact on the Group's ability to attract new customers due to negative customer experiences, which may have an adverse negative effect on the Group's brand and reputation. The costs of recall of products may exceed or be outside the scope of the Group's existing or future insurance coverage.

Intellectual property risks

The success of the Group depends on its ability to protect the brands under the relevant intellectual property laws of various countries, so that the Group can prevent others from using the Group's products and brands. Moreover, the Group is currently in the process of obtaining patent for the Group's unique production method, EUREBA®, which makes it possible to create a homogeneous powder or granules from different raw materials. The process of obtaining a patent is a complex process that involves both scientific and legal expertise. Even if a patent has been granted, it may later be challenged legally, declared invalid or bypassed, which may limit the Group's revenues from products derived from such patent. Furthermore, there is a risk that pending patent applications may not result in issued patents. Since certain patent applications are confidential until patents are issued, third parties may have filed patent applications for technology covered by the Group's pending applications without the Group being aware thereof, whereby the Group's patent applications may not have priority over the applications of others. There is a risk that the Group's efforts to protect its rights are insufficient and that unauthorised parties may be able to obtain and use information that the Issuer regards as proprietary. Moreover, the mere issuance of a patent does not guarantee that it is valid or enforceable against third parties. The rules applied by patent offices in various countries for the granting of patents are not always applied in a predictable or uniform manner and may be subject to change.

The Group further relies on trade secrets, know-how and continuing technological innovation to develop and maintain its competitive position. The Group's failure to protect its trade secrets, know-how and technologies may undermine its competitive position and adversely affect the value of the Group's products.

Additionally, since the Group continuously evaluates opportunities to acquire products and businesses, it is important that such acquisitions include all relevant intellectual property. Should the Group fail to procure that relevant intellectual property is included in an acquisition of a product or business, without contractual protection for such failure, it could have a significant negative impact on the Group's reputation and financial position.

Any inability for the Group to protect and enforce its intellectual property rights could result in a decrease in cash flow generated by intellectual property transferred onto partners or third parties, which, in turn, could have a negative effect on the Group's business operating results and financial position.

Product liability and liability insurance

The business of the Group exposes the Group to the risk of product liability claims that are inherent in the manufacturing, testing, and marketing of food and personal care products. The Group may not be able to obtain or maintain insurance on acceptable terms, or at all. Moreover, any insurance that the Group does obtain may not provide adequate protection against potential liabilities. There is, furthermore, a considerable reputational risk pertaining to any liability claims being directed towards the Group, where the Group's brand names, even if such claims prove unfounded, could be subject to extensive negative publicity, thus jeopardising further marketing and sell of food products. Should any of the abovementioned risks materialise, it could have a negative effect on the Group's sales and operating results.

Risks relating to data protection

The Group handles personal data for instance in relation to its customers, distributors, retailers, marketing and employees in the countries where the Group is conducting its business. Within the European Union, data protection legislation is comprehensive and complex with a trend towards a more stringent enforcement of requirements regarding protection and confidentiality of personal data. Further, the various data protection authorities in the member states of the European Union, or in other countries where the Group is conducting its business, may interpret the applicable legislation differently and data protection legislation is a dynamic field of law where applicable guidelines and previous precedents are often revised, sometimes with limited, if any, regard to legacy equipment or systems in use, all of which increase said complexity. Failure or partial failure to comply with data protection rules and regulations across the European Union could result in substantial fines of up to the higher of EUR 20 million and four percent of the Group's global annual turnover. Further, unauthorized access to information stored by the Group or by a third party on behalf of the Group, intentionally or accidentally, including failure to detect such access or to notify data subjects in a timely manner, may cause damage to the Group's reputation as a trusted partner, constitute a breach of administrative and criminal law and could entail that the affected persons are eligible for compensation for damages from the Group. In addition, the Group processes and transmits personal data in and to countries outside of the European Union which entails an increased legislative complexity and risk exposure, especially in the light of recent legal developments, including the European Court of Justice's ruling in the so-called Schrems II-case regarding transfer of personal data to third countries.

Risk factors

III. Financial risks

Financing risk

The Group is currently in an expansion phase, and may in the future require additional financial resources for such expansion, which may include costs for, *inter alia*, acquisitions, research and development, manufacturing and supply, as well as marketing and selling existing and new products. There is a risk that additional financing may not be available to the Issuer on acceptable terms, or at all. If the Issuer is unable to obtain funding on a timely basis, the Issuer may be required to significantly curtail one or more of its current activities, which may have a negative effect on the Group's business. There is also a risk that the Group, due to the ongoing expansion, will not experience a positive cash flow in the near future, which will have a negative effect on the Group's result and market value.

Currency risk

The Issuer's accounting is prepared in SEK and the Group has its main operations in Sweden. However, with The Humble Co. AB, the Group markets and distributes its products in over 30 countries and has the ambition to establish future businesses in additional countries. The Group also purchases and sells certain goods in EUR and USD. Therefore, the Group receives and will continue to receive income in currencies other than SEK. Assets, liabilities, income and expenses in foreign currencies give rise to currency exposure. A weakening of SEK against other currencies increases the Group's reported assets, liabilities, income and expenses, while a strengthening of the SEK against other currencies reduces these items. There is a risk that major currency fluctuations between SEK and other currencies will be realised in the future, which could have a negative effect on the Group's costs and consequently have an adverse effect on the Group's operating results.